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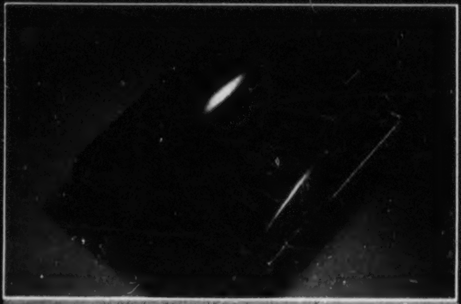
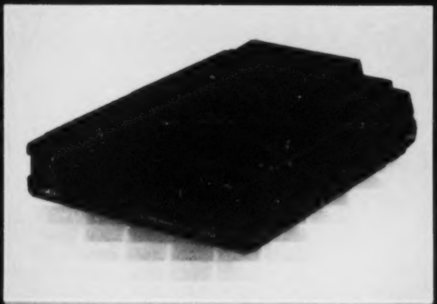
MART®

BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS
GORDON PUBLICATIONS — 25th ANNIVERSARY YEAR
DECEMBER 1986



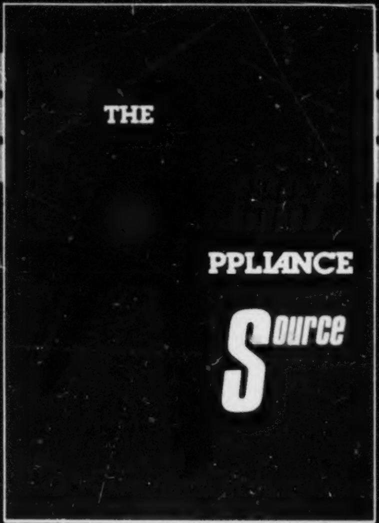
TELECOMMUNICATIONS

Fashion designs and pastel tones are fueling a colorful comeback for cordless telephones.



MOBILE ELECTRONICS

How radar detectors are writing a big ticket for dealers this Christmas.



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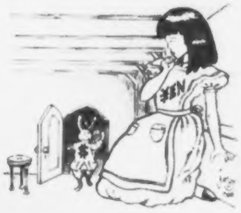

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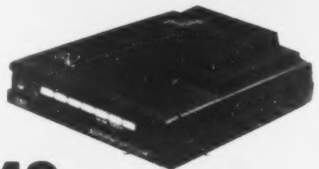

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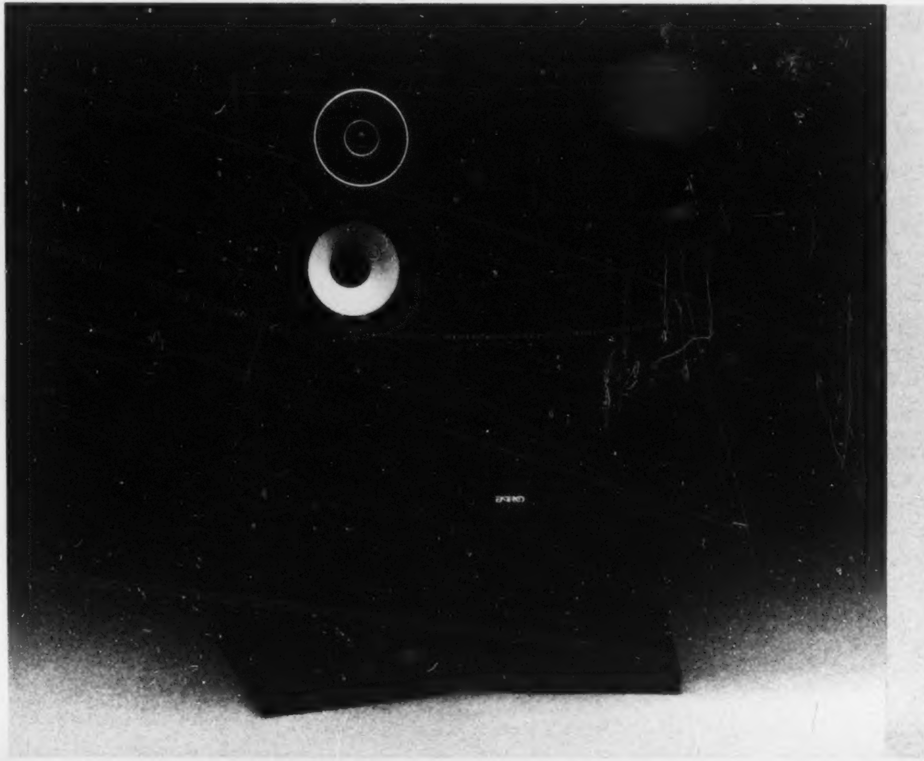


Audio Products International

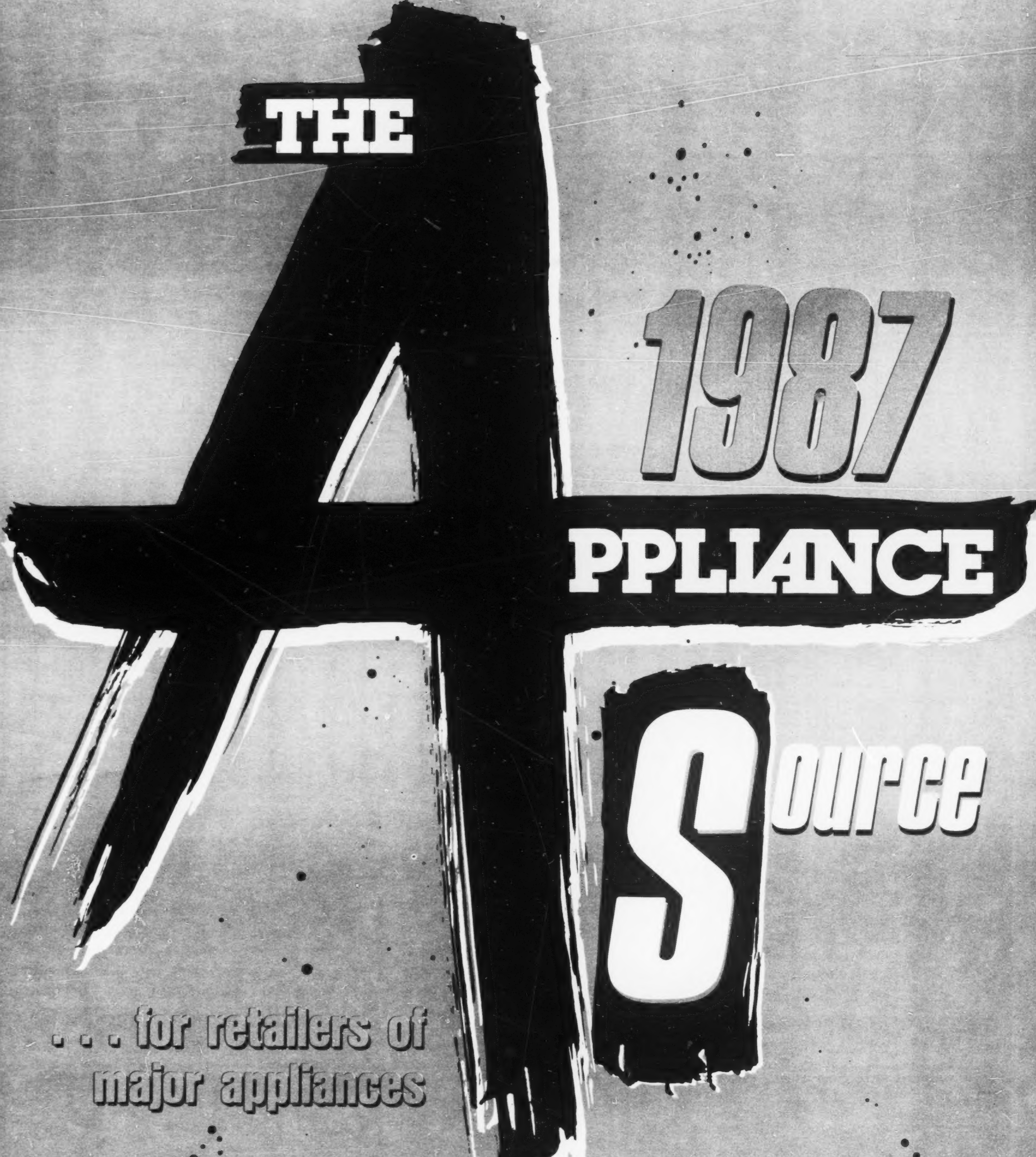
THE SPEAKER PEOPLE™

ENERGY Paisley Research dB PLUS image paisley monitors ESM ENERGY SYSTEM MONITOR SOUNDDYNAMICS mirage Audio Pulse SDM BY SOUND DYNAMICS FORUM

Audio Products International
has an unparalleled commitment to designing and producing the best technologically advanced name brand loudspeakers in the world. We also stand for marketing these exciting products in ways that work – for you. But as always, it's people that count - committed, dedicated, experienced people, working together, working with you.

Audio Products International

135 Torbay Road, Markham, Ontario, Canada., L3R 1G7. Our toll free number is 1-800-387-4260/(416) 475-0050/TLX. 06-986689 – GOODSOUND.



THE APPLIANCE Source

1987

. . . for retailers of
major appliances

WELCOME

Sharing in the pride

With the possible exception of travel, I can think of no other industry experiencing as much internal and external consolidation, reorganization and re-alignment during a single year as did the manufacturers and distributors of household durables.

There is no need here to be specific, as many have documented the events over the past months in major home appliances. To those who constantly deal with these firms, however, keeping up with the echelon of command has been critical; knowing who the 'right' contact is and knowing when to make it.

The Appliance Source is more than just a compilation of names and photos. As you page through your copy, you'll see an industry hard at work making the very best equipment to install in your home, and doing it in conjunction with all the necessary liaisons. Raw material such as steel, rubber, plastics, specialty items such as motors, switches and controls, research and development from foreign and domestic labs; virtually every one has contributed something of value to help achieve this standard of excellence.

But more than any other ingredient found among the faces, names and advertisements is *Pride!* Pride in the way they make their products, package them, promote and sell them. Pride makes gleaming white refrigerators, sophisticated microwaves. It makes dishwashers and laundry equipment last longer than any coat of paint on the house. And unlike the auto industry, which thrives on early replacement of their annual commodity, the major home appliance industry strives to offer its array of products with guarantees that equal or better the expectations of customers.

Knowing who these people are, learning what is most important about their daily business routine, is why The Appliance Source was compiled. MART is delighted to share the pride.

Elaine R Forrey

Elaine R. Forrey
Publisher

A MESSAGE FROM AHAM

Living in interesting times

by Bob Holding

Is the major appliance manufacturing industry experiencing a year of unprecedented change? That is a question frequently posed to AHAM these days.

My response is: "If it isn't, I'm glad I missed the year that had more changes!"

This industry *is* experiencing profound changes, the ramifications of which will continue to unfold over the next few years.

Actually, I believe that the industry is now in the "calm before the next storm." Company management teams — some of them new — are digesting their respective internal situations and assessing the new competitive environment that is emerging from recent industry consolidations and new corporate parents.

The next "storm," if you will, will come with the emergence of unique and different strategies for this newly aligned industry.

The result will be excitement in the industry of the best kind. I predict exciting and saleable features achieved through aggressive marketing to establish brand positioning, and innovative advertising that will bring consumers on the retail floor in response to a new array of appliance values.

This renaissance of the industry could not be timed any better:

- The appliance replacement market should remain strong, as the existing major appliance population reaches normal retirement age in greater numbers, thus providing more replacement opportunities than ever before. Many consumers will continue to replace their worn, well-used appliances.
- Within the next 10 years, three-quarters of "baby boomers" will be married, most will have children and two-thirds will be homeowners. As a result, nearly 19 million *new* households will be established.
- Favorable economic conditions including low inflation rates and low interest and mortgage rates, if they continue, will inspire consumer confidence and stimulate both home resales and new home construction.
- Kitchen remodeling continues to grow. A near-record 3.9 million kitchens were remodeled just this year. Fueling this remodeling is the fact that a greater number of residences are aging. This remodeling boom involves the replacement or addition of one or several home appliances, usually more fully featured than the products being replaced.

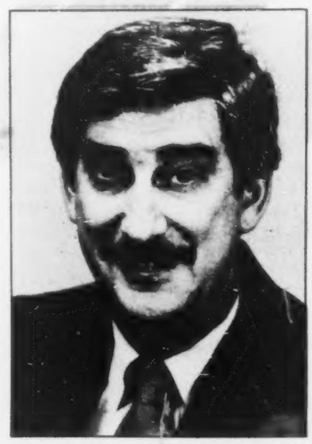
Appliance manufacturers are exceptionally good at both manufacturing and marketing. These favorable conditions just cited and the demands of competition will make them even better.

You can count on appliance manufacturers making even greater use of the breakthroughs in manufacturing processes that are so abundant now. Flexible manufacturing systems, computer-aided product design and manufacturing systems and improved quality control techniques will all continue to be more fully employed. The result will be unprecedented manufacturing efficiencies and improved product quality.

Distribution is also affected. The consolidations we have seen in the past few years will inevitably influence how appliance manufacturers go to market. Emerging markets will be attacked and efficiency opportunities exploited.

All of these new industry directions will help maintain our unique "value story" on through the '80s. Home appliance prices increased only 84.7 percent during the 19-year period from 1967 to 1985, while prices for "all items" increased over 222 percent. In fact, the consumer price index (CPI) shows that household appliance prices actually *dropped* 4.2 percent from 1984 to 1985.

I understand that the ancient Chinese phrase: "May you live in interesting times!" was intended as a curse, not a blessing. Well, we who are a part of the home appliance industry are, indeed, living in interesting times today. Each of us must decide whether the times are a curse . . . or a blessing. Personally, I'll opt for "blessing!" □



(Bob Holding is president of the Chicago-based Association of Home Appliance Manufacturers.)

LIVING IN A POST-MERGER WORLD

by Bob Ankosko

For years there has been a standing joke among dealers in the appliance business: "You know," they'd crack, "before too long it'll be just GE and Whirlpool." But for those who sold home appliances in the "good old days," this line may seem like less of a joke today. Since 1950, the number of major appliance makers in America has shrunk from 51 to nine. And although consolidation is clearly not a new concept to the industry 1986 is still likely to be remembered as the year when corporate shuffling reached a high point.

Sure, there are plenty of noteworthy years in white goods history — such as '73, when the industry exploded, or 1975, when General Motors sold Frigidaire to WCI. Still, 1986 stands apart. By May, the face of the industry had changed — significantly. Like huge dominoes, major industry players fell — one after another — into new, sometimes unexpected places. First, Whirlpool acquired KitchenAid, then the giant Electrolux swallowed another giant, WCI, and finally, Maytag bought out Magic Chef — all within a four month period.

The year began with a bang when in February, Whirlpool's $150 million takeover of KitchenAid was approved by the courts after more than a year of legal wrangling. Ironically, the two companies that challenged the KitchenAid acquisition on antitrust grounds — White Consolidated Industries and Magic Chef — were themselves on the verge of being acquired.

The ink was barely dry on the Whirlpool/KitchenAid papers when word arrived that the Electrolux Group — a $7 billion Swedish conglomerate — would purchase White Consolidated Industries for $743 million. By April, it was history — WCI had become part of the world's largest appliance manufacturer. Tappan and O'Keefe & Merritt — earlier acquisitions which gave Electrolux an entre' into the U.S. major appliance industry — were structured under the WCI umbrella along with Frigidaire, White-Westinghouse, Gibson and Kelvinator. With combined annual sales of $3 billion, the new WCI ranks number three in the industry behind GE and Whirlpool.

As if the trade and business press didn't have enough to write about, and retailers enough to speculate on, Maytag and Magic Chef swiftly carried out the industry's third mega-merger. On May 30, 1986, Magic Chef had become a wholly-owned subsidiary of Maytag. Instantly, Maytag more than doubled in size and is expected to post sales in the $1.7 billion range, making it the fourth largest producer of kitchen and laundry products in the states. In major appliances, the Maytag corporate umbrella now covers Hardwick Stove, Jenn-Air (previously owned by Maytag), Magic Chef, Admiral and Norge.

"If someone told me in 1985 what was going to happen in 1986, I think I would have had them sent to the funny farm," quips Hal Schafer, group vice president of WCI's Major Appliance Group. Pausing for a moment, the 30-year industry veteran adds, "So the comment, 'Nothing's happening in the stodgy appliance industry,' simply is not true."

With 16 years of appliance sales and marketing experience under his belt, Whirlpool's vice president of sales Hank Bowman sizes up the year's events this way: "I think when you look back 10 years from now you'll see that 1986 will be kind of a pivotal year in the industry."

Other observers remain unimpressed, however. Some see it simply as part of a natural evolutionary process that happens in most industries. Leaning back in his chair, 30-year industry veteran and KitchenAid president Glenn Olinger shrugs, "It's just another year. There were other mergers at other times — maybe not quite of this magnitude. I think when Frigidaire was purchased by White Consolidated in 1975, that was probably a hallmark year in major appliances. It might have even been a

> ***"I think it's fairly obvious that you are going to see more direct business, as evidenced by some of the changes that have been announced."***
>
> **Hal Schafer**
> White Consolidated

more momentous time than this."

So, the $64 million question remains: How will the latest chapter on consolidation impact the world of white goods?

Intensified, yet healthy competition among suppliers is the resulting condition that manufacturing executives like to point to when asked the above question. Bruce Enders, vice president and general manager of General Electric's marketing division, offers a typical appliance maker perspective. "You now have bigger competitors — and in this business scale economies count," Enders says. "So in the long term you have more efficient competitors. In the end, the consumers win because they'll probably have low cost, high quality products."

The GE executive also sees a continuation of the downward pricing trend that has characterized major appliances over the years, despite distributor and retailer concerns to the contrary. "The price for a major appliance has come down, after you adjust for inflation, two to three percent per year — almost every year — for the last 30 years," Enders says.

> ***"It's going to be an interesting period with a lot of flexing in the marketplace."***
>
> **Richard Haines**
> Maytag

"The reason for this is that manufacturers have reduced cost."

Still, some retailers and distributors see price hikes as a possible consequence of an industry that is controlled by fewer and fewer players. Jack Luskin, president of the $150 million Baltimore-based Luskin's chain, believes merger-mania will ultimately lessen competition. "Prices will remain stable, and if anything, they'll increase," he says.

Sheldon Goldstein, president of Long Island Appliance Wholesalers, a division of P.C. Richard Co., offers this view: "Pricing could only go one way — up. There's a legitimate opportunity for manufacturers to get more dollars for their products."

Fewer, bigger competitors, also will free up dollars for research and development and factory upgrade, both of which improve product as well as create more step-up opportunities on the sales floor.

WCI, for example, is making capital improvements at its manufacturing facilities to the tune of $100 million, as part of a plan formulated by the old WCI management team and supported by Electrolux, according to Donald Blasius, chairman of the WCI Home Products Group.

> ***"You now have bigger competitors — and in this business scale economies count."***
>
> **Bruce Enders**
> General Electric

Although not directly related to recent merger activity, GE is in the midst of a five-year $1 billion investment program. Fruits of this financial commitment have surfaced in GE's latest refrigeration lineup. In the past two years alone, GE has spent some $500 million. One-fifth of that amount was funneled into an automated factory in Tennessee which produces a new, more efficient rotary compressor. "We changed the entire refrigerant system with a rotary compressor which is lower in cost, more reliable and intrinsically more efficient energy-wise," Enders explains.

"You've got to invest heavily in your factories to do well in the U.S. major appliance business," he continues. "And that's going on right now. The major players are all doing it. I think it's absolutely essential. If we don't invest, then somebody else is going to eat our lunch down the road."

Major Appliances Mean Big Business. . .

PRODUCTS	DOLLAR VALUE (MILLIONS) 1984	1985
Electric Ranges & Cooktops	$ 1,084.906	$ 1,086.379
Gas Ranges	446.856	458.828
Microwave Ovens	1,862.963	1,675.987
Clothes Washers	1,329.382	1,403.820
Clothes Dryers	746.967	806.816
Dishwashers	787.283	800.992
Disposers	172.876	179.480
Compactors	38.858	37.748
Refrigerators	2,513.630	2,597.343
Freezers	297.102	274.148
Room Air Conditioners	887.149	853.718
Dehumidifiers	82.044	83.977
TOTAL	$ 10,250.016	$ 10,259.236

Source: AHAM (Dollar value is at manufacturer level.)

Changes are occurring in the way goods get to market, too — some, perhaps, a direct result of merger activity. In a move that stunned many, KitchenAid cancelled franchises with its 62 independent distributors last August, shifting instead to an in-house sales force. Some of these independents had been selling KitchenAid for 35 years.

On the day of the announcement, Olinger told the press, "The key benefit [in going direct] is that you control your own destiny." Whirlpool executives, at that time, also carefully separated their new division's move from the two-step operation Whirlpool has nurtured over the years.

In a later interview, Olinger discussed KitchenAid's shift. "I think in general, the independent distributor got very comfortable and probably shot himself in the foot, because they wanted to be open from 8 to 5 and run their order service desk from 8 to 5," he explained. "But their dealers are open from 10 to 10. You've got to take care of the customer. The independent just was not responsive."

Under the new distribution plan, KitchenAid is putting Whirlpool's seven regional warehouses to work. "The Whirlpool physical distribution system is what makes all of this profitable," Olinger said.

More direct selling, some say, is an inevitable consequence of industry consolidation and the proliferation of the large retail chains in major markets. "I think it's fairly obvious that you are going to see more direct business, as evidenced by some of the changes that have been announced," WCI's Schafer says. "Although, I don't think direct is going to be the only type of distribution. There is a place for independent distribution for certain types of products. But I do believe that the growth of larger markets encourages direct distribution."

Meanwhile, as some dealers become accustomed to buying from the factory, virtually all will have to run a tighter ship in 1987, and in some cases rethink merchandising strategies. The industry's recent takeover binge has triggered the imminent onslaught of additional full-line suppliers. Managing inventory and floor space will emerge as a key, if not the key, issue for retailers in 1987.

Maytag, for example, has made clear its intentions to expand into refrigeration; KitchenAid and Tappan, too, are expanding into new product areas. Now it's just a matter of when they, and others, make the move.

> ***"I think when you look back 10 years from now you'll see that 1986 will be kind of a pivotal year in the industry."***
>
> **Hank Bowman**
> Whirlpool

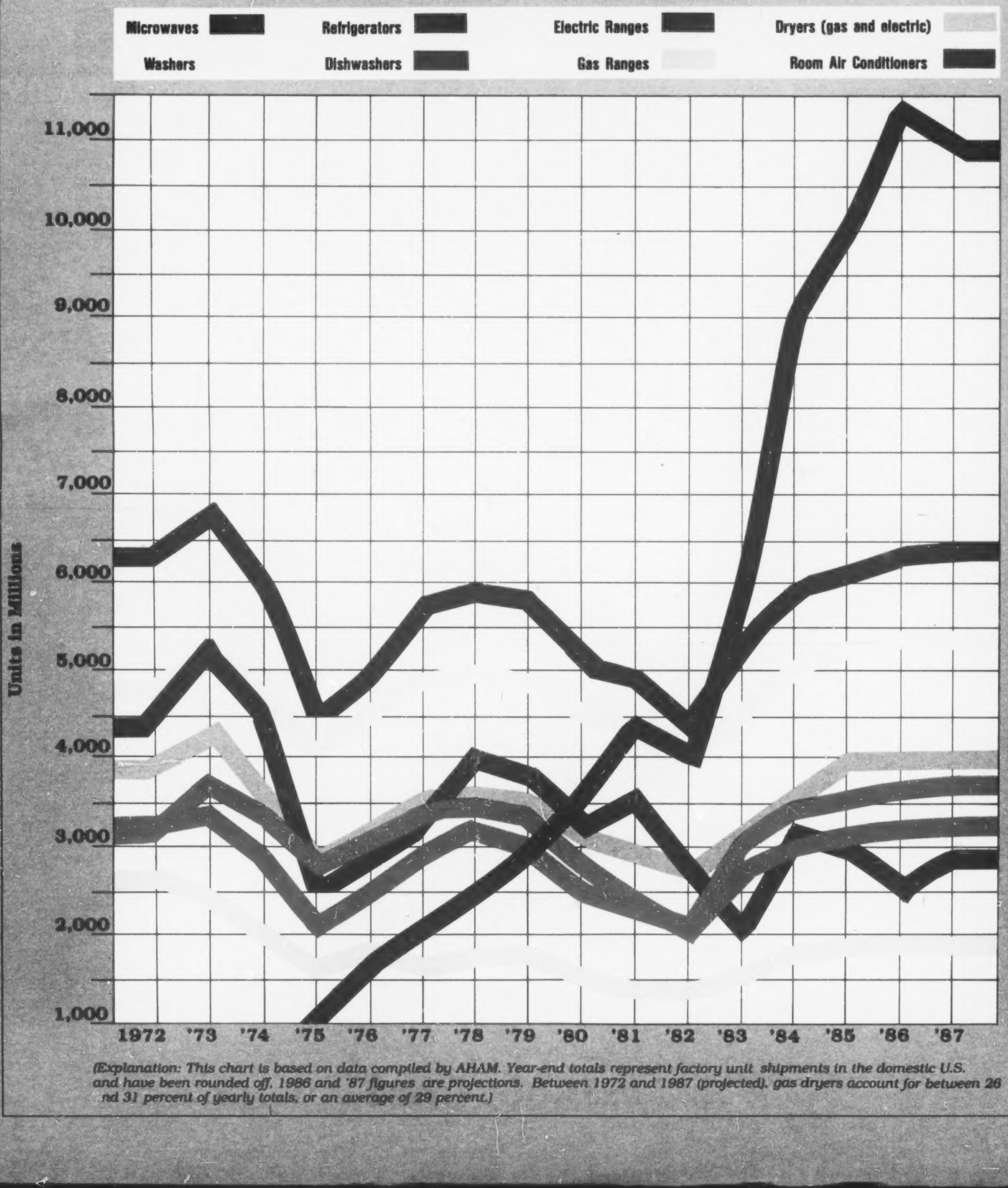
For smaller, independent retailers, limited floor space is a critical factor in choosing between lines. But even the big boys — the so-called power retailers — may have to make some tough decisions. Joe Henderson, senior appliance merchandiser for the $500 million Highland Superstore chain observes: "Expenses are much greater than they used to be for service and warehousing. It's become a very complex business because of warehousing and home delivery."

But Maytag's general sales manager Richard Haines best sums up the impact of consolidation at retail: "I think retailers are going through a period of having to reevaluate the lines they carry and the amount of floor space they're willing to allot for these products. Our long range plans certainly are to become a full-line manufacturer. And we're certainly going to exert our leverage to the extent possible to position ourselves as a full-line supplier. I don't think we're going to be alone.

"So, it's going to be an interesting period with a lot of flexing in the marketplace. On the part of the dealer, it might indicate that the greater demands on inventory levels and on display models are going to increase his cost of doing business. In order to be competitive, he'll need to provide depth in his inventory, sufficient floor display and a full line of products. I guess what I'm saying is, the ability to cherry pick is something the manufacturers are going to be very hesitant to allow." ☐

STATE OF THE INDUSTRY

Factory Unit Shipments of Major Appliances



(Explanation: This chart is based on data compiled by AHAM. Year-end totals represent factory unit shipments in the domestic U.S. and have been rounded off. 1986 and '87 figures are projections. Between 1972 and 1987 (projected), gas dryers account for between 26 nd 31 percent of yearly totals, or an average of 29 percent.)

LISTINGS

How to use The Appliance Source: Manufacturers and brands are both listed alphabetically in The Appliance Source directory. Where a manufacturer is owned by another firm in the appliance industry, a cross reference note is provided to direct the reader to a corporate profile of the parent company. Where a brand is produced by a company of another name, a cross reference note is provided to direct the reader to the appropriate manufacturer.

ADMIRAL HOME APPLIANCES

1701 E. Woodfield Rd.
Schaumburg, IL 60196
(312) 884-2600
(Also see Maytag Corp.)

REGIONAL OFFICES

Not available

OFFICERS

Charles A. Dowd Jr.
President/Admiral

Jim Krueger
Vice president/Admiral
brand marketing

Tony A. Borski
Vice president/private label

SALES

Not available

EMPLOYEES

Admiral	2,700
Norge	800
Warwick	150

PRODUCT LINES

Admiral
Refrigerators
Freezers
Dehumidifiers
Gas/electric ranges
Microwave ovens
Washers/Dryers
Dishwashers

Norge
Washers/Dryers
Refrigerators
Freezers
Gas/electric ranges
Dehumidifiers

Warwick
Compact refrigerators
Compact freezers

Crosley
Compact refrigerators
Compact freezers

DISTRIBUTION

Admiral home appliances are sold nationwide through independent distributors. Day-to-day contact is maintained through regional managers and by the division headquarters in Schaumburg, IL.

Sales contact

Roger Brannan, national sales manager, (312) 884-2902.

PROFILE

Admiral, Norge and Warwick form Admiral Home Appliances, a division of Maytag Corp., under the leadership of Charles A. Dowd Jr., president.

Admiral was founded in 1934 as Continental Radio, a manufacturer of radios for home use. The company name became Admiral in 1936, a change still reflected in the firm's stylized "sail" logo.

Charles A. Dowd, Jr.
President/Admiral

After producing walkie-talkies for use in combat in World War II, the company began preparing for a post-war economy with diversification into television and home appliances. Among the company's most important developments was the first bottom-mount refrigerator/freezer, the first infinite heat controls on ranges, the first removable oven door, and the first refrigerator to offer water service through the door.

In 1974, Admiral joined the Rockwell International Group, a primary government military contractor. Then, in 1979, Admiral was acquired by Magic Chef.

Also in 1979, Magic Chef purchased Norge, which had been part of Fedders Corp. Located in Herrin, IL, Norge manufactures a full line of domestic and commercial laundry equipment.

Warwick Manufacturing Corp., a producer of compact refrigerators and freezers, was acquired in late 1984. The company is based in Chesapeake, VA. Prior to 1985, Warwick products were marketed under the Philco registered trademark; they are now sold under the names of Magic Chef, Admiral, Norge, Crosley, Warwick and other private labels.

In May 1986, Admiral and its parent company, Magic Chef, were acquired by Maytag. The Admiral Division of Maytag Corp. is responsible for manufacturing, marketing and sales of refrigerators and freezers, compact refrigerators, dehumidifiers and automatic laundry products. Master Care Parts and Service is also part of the Admiral Division.

SPOTLIGHT

Charles A. Dowd, Jr.
President

"There are many components to a maximum profit picture — efficient inventory control, effective advertising, prompt and effective service, product and sales training. We at Admiral believe that the easy sale based on price is not always in the best interest of the retailer or the customer.

"Emphasis should be placed on high-end and high profit goods rather than low-end, low profit items. We all know there is always a market for the less expensive product. But all too often, retailers who depend on selling only low-end goods on price alone end up selling more, but enjoying it less.

"Our Personality Product philosophy, which introduces at least one innovative product per year, has proven to us that the customer is willing to pay for quality, functional features. For example, the deep door refrigerator shelf feature we pioneered has been copied by our competition. If you have a feature or features that complement today's lifestyles, consumers will recognize and accept them, and afford dealers an opportunity to maximize profits."

AIRTEMP

(See Fedders-USA)

AMANA REFRIGERATION INC.

Amana, IA 52204
(319) 622-2142
(Also see Raytheon Co.)

REGIONAL OFFICES

Not available

OFFICERS

Henry J. Meyer
President, chief executive

John A. Kammerer
Senior vice president/marketing

Dave Kretz
Vice president/sales -
major appliances

SALES

Not available

EMPLOYEES

Amana	3,200

PRODUCT LINES

Amana
Refrigerators
Radarange microwave ovens
Freezers
Electric ranges/cooktops
Wall ovens
Dishwashers
Room air conditioners
Washers/dryers
Dehumidifiers
Central air conditioning/heating equipment

DISTRIBUTION

Amana primarily uses a two-step distribution system in which products are marketed throughout the U.S. by wholesale distributors selling to retailers.

Sales contact

Dave Kretz, vice president/sales - major appliances.(319) 622-2142.

PROFILE

Amana Refrigeration Inc. has over 50 years of experience in producing major appliances. The company was founded in 1934 when George C. Foerstner accepted the challenge from a local businessman to build a dependable beverage cooler. Foerstner set up shop in Middle Amana, IA, where he produced this first of many successful products.

By 1936, Foerstner's young company added a new product line: frozen food and cold storage lockers.

As the company grew, it continued to add new product lines. In 1947, Amana introduced the first nationally marketed upright freezer. About ten years later, the company began providing its "Deepfreeze" frozen food freezers to the public.

Amana's prominence in the appliance industry was strengthened further in 1965 when it merged with Raytheon Co. of Lexington, MA. Amana drew upon Raytheon's advancements in microwave cooking technology to introduce the world's first 115-volt countertop microwave oven for the home, the patented Radarange.

Today, Amana Refrigeration Inc. markets a complete line of major home appliances.

SPOTLIGHT

Henry J. Meyer
President and chief executive officer

"1987 can bring tremendous opportunities to the retailer who develops the basic elements of his business. At Amana, we have long sought retailers who concentrate on giving the best customer service, the most knowledgeable salesmanship, and the most complete line-up of profitable products that customers want. These are the very things retailers must maximize to be successful in the late 1980s and into the next decade.

"First, treat every customer as if he were your only customer. The more loyalty you build, the more these customers will come back as you expand into new products and services.

"Second, make sure your salespeople know their products. Customers are impressed and more willing to buy from a salesperson who's taken time to intelligently step them through the products they are considering.

Henry J. Meyer
President and chief executive

John A. Kammerer
Senior vice president/marketing

"Finally, keep your product line-up trimmed to brands which offer the best opportunity for long-term profitability. Brands that have the benefits customers want can help a retailer be a leader in his market."

AMERICAN

(See Brown Stove Works)

ATHENS STOVE WORKS

1100 Industrial Dr.
Springfield, TN 37172
(615) 384-2431
(Also see White Consolidated Ind.)

REGIONAL OFFICES
Not available

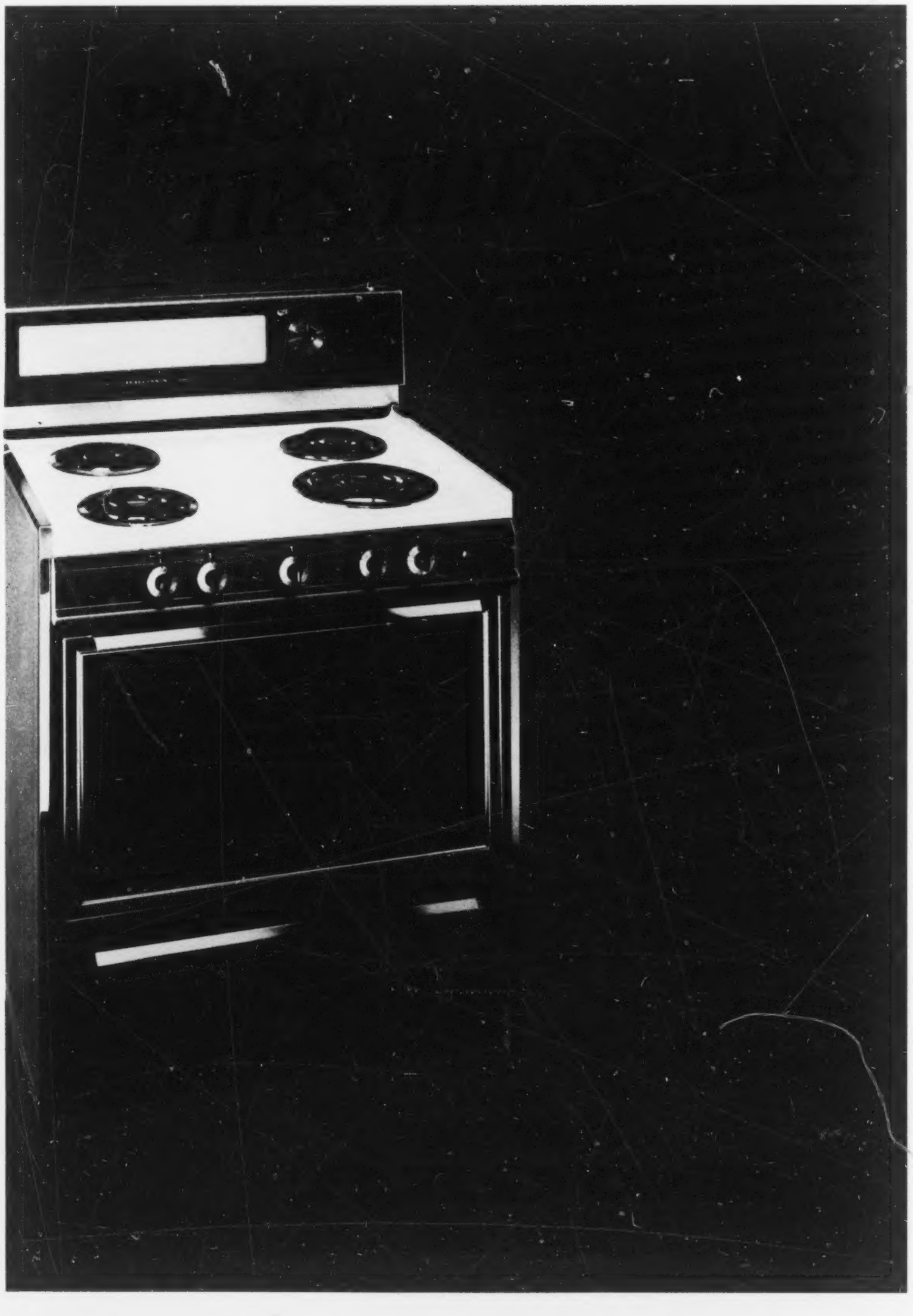
OFFICERS
Jim Marden
Vice president, general manager/WCI Range Division
Corey Meyer
Vice president/sales, OEM marketing/WCI Range Division

PRODUCT LINES
Vesta
Gas ranges
Electric ranges

DISTRIBUTION
Not available
Sales contact
For Vesta, call (800) 233-0498;
in Tennessee, (800) 356-5466.

PROFILE
Athens Stove Works, a division of White Consolidated Industries, functions primarily as a manufacturing arm of the WCI Range Division, providing gas and electric ranges under the various WCI brands including Westinghouse, Gibson, Kelvinator, Frigidaire and Tappan. In addition, Athens markets product under the Vesta brand name, as well as under other private labels.

Athens was founded in Athens, TN, where a manufacturing facility is still located. In late 1986, administrative, sales and marketing functions for Athens were consolidated at Springfield, TN.



AVANTI PRODUCTS

8885 N.W. 23rd St.
Miami, FL 33172
P.O. Box 520604
Miami, FL 33152
(305) 592-7830

REGIONAL OFFICES
Not available

OFFICERS
Al Cortina
President
Richard Ladd
Executive vice president
Larry Winn
Vice president/sales
Alan Bieler
National sales manager
Larry Laughery
National sales manager

SALES
Not available

EMPLOYEES
Not available

PRODUCT LINES
Avanti
Compact refrigerators/freezers
Compact microwave ovens
Dehumidifiers
Compact room air conditioning

DISTRIBUTION
All Avanti product distribution is by 28 independent sales representatives located nationwide. Regional warehouses are located in Baltimore, MD; Somerset, NJ; Cicero, IL; and Compton, CA.
Sales contact
Larry Winn, vice president/sales,
(305) 592-7830, (800) 323-5029.

PROFILE
Avanti is owned by The Mackle Company, an outgrowth of a construction company established in 1908 by Frank E. Mackle, Sr. in Jacksonville, Florida. Today, Mackle Company is a holding company controlling investments in real estate development, the travel industry and, with its Avanti Products division, consumer products.

Through Avanti, Mackle Company is one of the largest distributors of compact refrigerators in the U.S. Avanti is also involved in electronics through its distribution of audio and video cassettes and accessories. All of Avanti's products bear the Avanti logo. Mackle Co. acquired Avanti, itself a nearly 20 year-old firm, in February 1982.

BRENTWOOD

(See Brown Stove Works)

BROWN STOVE WORKS INC.

1422 Carolina Ave.
P.O. Box 2490
Cleveland, TN 37320-2490
(615) 476-6544

REGIONAL OFFICES
Midwest: 601 Mason St., Elkhart, IN 46515, (219) 294-1822. Roger Smith, regional manager.

West: 3109 Bandini Blvd., Los Angeles, CA 90023, (213) 266-3575. Bob Linden, western sales manager.

OFFICERS
K. Harrison Brown
President
James G. Ruberti
Vice president/marketing
G.P. Tulloss
Vice president/administration
J. Robert Savage
Vice president/purchasing
John Rossmaier
Treasurer

SALES
Not available

EMPLOYEES
Not available

PRODUCT LINES
Brown
Town & Country
Brentwood
Imperial
Gold Chef
National
American
Brentwood by Brown
Gas/electric ranges
Eye-level double oven ranges
Built-in wall ovens
Built-in cooktops
Built-in dishwashers
Range hoods

DISTRIBUTION
Brown distributes all products nationally through a network of independent distributors or factory branch distribution centers.
Sales contact
Call (800) 251-7485 for nearest distributor.

PROFILE
Brown Stove Works Inc., was organized in 1935 as a manufacturer of coal ranges, with Grover C. Brown as president. The company expanded its offerings, and within five years, Brown was marketing a full line of coal and wood burning ranges and heaters.

Entry into the field of gas ranges was delayed with the onset of World War II, but in 1948 Brown introduced its first such model. By 1960, gas built-in wall ovens and surface units were introduced and the company began manufacturing electric cooking appliances for the first time, including electric built-ins. A full line of electric free-standing ranges comparable to the gas free-standing line was offered in January of 1961.

In 1963, Brown introduced its first products for recreational vehicles.

In 1964, the company purchased Jacobs Heater Corp., allowing Brown to offer a line of gas heaters. Jacobs Heater was eventually merged into Brown, and it became the Athens Division of Brown Stove Works. Manufacturing of recreational vehicle products was transferred to Athens in 1970, and the RV line was expanded. However, manufacturing of the RV line was moved back to Cleveland in 1977 after the Athens facility was sold to Flint Manufacturing Co., and the RV line was finally discontinued in 1984.

Today, Brown Stove Works remains a privately owned company with the goal of supplying high quality, moderately priced cooking equipment.

BRYANT

(See Carrier Corp.)

CALORIC CORP.

403 North Main St.
Topton, PA 19562-1499
(215) 682-4211

(Also see Raytheon Co.)

REGIONAL OFFICES
Not available

OFFICERS
Raymond J. Dowling
President
Edward J. Herrelko II
Vice president/marketing & sales
James Paullin
Vice president/national sales manager Caloric
Frank Wiedemeier
Vice president/national sales manager Sunray/Glenwood
William J. Day
Vice president/private brand sales

SALES
Not available

EMPLOYEES
Caloric Corporation 2,000

PRODUCT LINES
Caloric
Gas/electric ranges
Gas/electric built-in ovens
Gas/electric cooktops
Electric downdraft cooktops
Microwave ovens
Microwave cooking centers
Combo electric/microwave cooking ranges
Combo gas/microwave cooking ranges
Refrigerators
Dishwashers
Waste disposers
Trash compactors
Range hoods
Splash plates
Sunray/Glenwood
Gas/electric ranges
Gas built-ins
Gas cooktops
Dishwashers
Range hoods
Waste disposers

DISTRIBUTION
Caloric distributes direct to major buying groups and specialty retailers: a network of wholesale distributors are used to reach other independent dealers and builders.
Sales contact
James Paullin, vice president/
national sales manager.
(201) 288-4848.

Sunray/Glenwood distributes direct to major buying groups and specialty retailers.
Sales contact
Frank Wiedemeier, vice president/
national sales manager.
(614) 363-1381.

PROFILE
The roots of the Caloric Corp. were planted in Philadelphia in 1889 with the founding of the Klein Stove Co. by Samuel Klein. This venture was initially devoted to the fabrication of wood and coal burning stoves.

Caloric — an ancient word for heat — was first used by the company in 1903. It was then that the company began to specialize in gas burning ranges.

During World War I, Caloric acquired the old Topton Foundry and Machine Co. The company operated out of three separate Pennsylvania locations until 1941, when all operations were centralized at the original foundry site in Topton, the present headquarters.

Caloric has developed rapidly throughout the years, partly through its role as an innovator. Among the list of products the company developed and brought first to the market are the patented gas and electric Ultra Ray broiler, the gas pyrolytic self-cleaning oven, automatic pilotless ignition, the combination full-power microwave/electric and microwave/gas ME ranges, and the self-cleaning gas range with the largest oven cavity in the industry.

Caloric became a Raytheon Co. in 1966. It acquired the Glenwood Range Co., manufacturers of Glenwood and Sunray ranges, in 1978. Modern Maid, manufacturers of a full line of high-end gas and electric built-in ranges, was made part of the Caloric product group in November, 1981.

Raymond J. Dowling
President

Edward J. Herrelko II
Vice president/marketing & sales

James Paullin
Vice president/national sales manager Caloric

Frank Wiedemeier
Vice president/national sales manager Sunray/Glenwood

SPOTLIGHT
Raymond J. Dowling
President

"One of the great misconceptions among retailers is that in order to survive in the major appliance business, they must heavily discount prices. Dealers must realize that they are entitled to a fair price, and fair profit on the products they sell.

"If a dealer has confidence in his line, and carries one with innovative, quality products, he's halfway toward achieving that fair profit.

"Now, he has to take a few steps within his own organization to assure that fair profit. He must have a well trained sales force that knows the products it is selling, one that is highly motivated to do a good job. Further, he has to create an atmosphere on the selling floor which projects quality to his customers. Products must be carefully displayed in an environment that lets the customer know he is dealing with professionals. As we all know, professionals can command the prices that assure maximum profits."

CARRIER CORP.

Box 70
Indianapolis, IN 46206
(317) 240-5125

REGIONAL OFFICES
Northeast: 4682 Crossroads Park Dr.,
Liverpool, NY 13088-3598.
(315) 451-7312. Richard Geisler,
general manager.

Midwest: BDP Company, P.O. Box 70,
Indianapolis, IN 46206.
(317) 240-5341. Gordon Powers,
general manager.

West: BDP Company,
855 Anaheim-puente Rd.,
City of Industry, CA 91749.
P.O. Box 1234, City of Industry,
CA 91749. (818) 369-9701.
William Furlong, general manager.

Southeast: 5775 Peachtree Dunwoody
Rd., Building D, Ste. 400, Atlanta, GA
30342. (404) 252-8885. Doral Atkins,
general manager.

Southcentral: 5775 Peachtree
Dunwoody Rd., Building D, Ste. 400,
Atlanta, GA 30342. (404) 252-8885.
Robert Heydet, general manager.

Southwest: 1801 Gateway Blvd.,
Richardson, TX 75080.
P.O. Box 225039, Dallas, TX 75265
(all mail). (214) 680-6750.
Robert Black, general manager.

OFFICERS
William A. Wilson
President and CEO
Michael Clevy
Vice president, general manager/
residential products
Gerald Rudinsky
Vice president, general manager/
light residential products
Kennard Balme
Vice president/market development
J. Norman Callagan
Vice president/marketing operations

SALES
Not available

EMPLOYEES
Carrier Corp. (worldwide) 24,000

PRODUCT LINES
Carrier
Bryant
Day & Night
Payne

Gerald Rudinsky
Vice president, general manager/ light residential products

Room air conditioners
Split system air conditioners
Heat pumps
Gas furnaces

DISTRIBUTION
Bryant, Carrier, Day & Night and Payne products are sold through a two-step process, using independent distributors or factory branches to sell through to dealer/contractors or retailers.

PROFILE
Carrier Corp. is a subsidiary of United Technologies Corp., Hartford, CT. It is the world's largest manufacturer of heating, ventilating and air conditioning (HVAC) equipment. With headquarters in Syracuse, NY, Carrier operates plants in seven U.S. states, Canada, and in Europe, South America and Asia. Carrier products are sold in approximately 120 countries.

Carrier Corp. residential furnaces, air conditioners and heat pumps are also sold under the Bryant, Day & Night and Payne brand names in portions of the United States. Products also include central residential humidifiers and electronic air cleaners.

Carrier is engaged in production of commercial air conditioning equipment for structures ranging from small shopping centers to large office buildings and other complexes. The company also manufactures products in the industrial, transportation and building services and controls markets.

SPOTLIGHT
Gerald Rudinsky
Vice president and general manager/ light residential products

"The key to dealer profitability in the room air conditioner market can be wrapped up in a single word — mix.

"Typically, retailers rely on selling the low price, low efficiency unit, but in doing so they miss the opportunity to increase their profits by demonstrating the advantages of higher efficiency units which also have pleasantly higher margins.

"Our experience has shown that today's customer is willing to spend a little extra to obtain the increased efficiency. Also, many customers lack the knowledge to select the proper size unit. All too often, when people buy on price alone, the unit is undersized, which leads to an uncomfortable and dissatisfied customer. If the sales representative takes the time to knowledgeably determine the proper size unit, the customer will be pleased with the purchase . . . and the retailer with the increased margin."

CLIMATROL
(See Fedders-USA)

CROSLEY
(See Admiral)

DACOR
950 South Raymond Ave.
Pasadena, CA 91105
(213) 682-2803

REGIONAL OFFICES
Not available

OFFICERS
S. Michael Joseph
President

Anthony B. Joseph
President/sales & marketing

Dennis A. Powell
National sales manager

SALES
Not available

EMPLOYEES

DACOR	200

PRODUCT LINES
DACOR
Cooktops
Ranges
Ventilating systems

DISTRIBUTION
DACOR distributes through a combination of factory branches and independent distributors.
Sales contact
Dennis A. Powell, national sales manager, (213) 682-2803.

PROFILE
DACOR is an acronym for Distinctive Appliance Corporation. The company grew out of the Stanthony Corporation which introduced the first complete ventilating hood in 1948 and the first indoor electric barbecue in 1956. DACOR is a family-owned and operated company. Stanley M. Joseph founded Stanthony and is now chairman of the board of Dacor. His son, Michael, is president and his other son, Anthony, is president of sales and marketing.

The key to DACOR's success has been innovative and quality products. A milestone in the company's history was the introduction of the first modular cooking system in 1975, a four burner electric cooktop for use with overhead ventilation. In 1981 and 1982, downdraft modular cooktops and ranges were added to its overhead ventilated line. 1984 saw DACOR develop the first cooking module with solid burners for its modular cooking systems.

After years of success with electric cooktops, DACOR introduced in 1985 a four-burner gas cooktop, and in 1986 expanded this line with a six-burner cooktop.

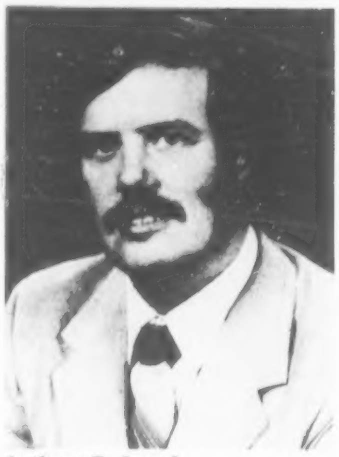
SPOTLIGHT
Anthony B. Joseph
President, sales & marketing

"A retailer can maximize his profits in major appliances in 1986 by entering the built-in market. He should do this, however, only with lines that are selectively distributed and offer him good profit margins. Many dealers report that it has become very difficult to make money on so many lines. This is particularly true of large volume lines that are sold through outlets of national buying groups and retail chains.

"An independent retailer can successfully compete with the mass merchandiser's sales mentality of "a quick sale" by selling built-ins, which take more time to sell. He should select innovative lines with a unique design and unique features. This enables him to use creative selling techniques, push value rather than price, and protect his margins.

"These products should have visible quality and offer the flexibility to meet the widest range requirements in kitchen design. The dealer should also attempt to sell appliances which have universal cut-out dimensions so he can easily tap the huge replacement market in built-ins."

S. Michael Joseph
President



Anthony B. Joseph
President/sales & marketing

DAEWOO ELECTRONICS CORP. OF AMERICA
100 Dae-Woo Pl.
Carlstadt, NJ 07072
(201) 935-8700

REGIONAL OFFICES
1055 W. Victoria Ave.,
Compton, CA 90220,
(213) 774-1746.

OFFICERS
Juno Kim
President

H.S. Lee
National sales manager

Y.M. Lee
East Coast sales manager

K.H. Kim
Mid-West sales manager

Mike Moon
West Coast sales manager

PRODUCT LINES
Portland
Dayton
Microwave ovens

DISTRIBUTION
Daewoo sells by container shipments only, from Korea directly to its customers. Sales are made through sales reps and company sales managers.
Sales contact
H.S. Lee, national sales manager, (201) 935-8700.

DAIKIN U.S. CORP.
2264/A Northwest Pkwy.
Marietta, GA 30067
(404) 952-2570

REGIONAL OFFICES
West: 910 Bern Ct., Suite 100,
San Jose, CA 95112, (408) 280-6004.

Southeast: 12345 S.W. 130th St.,
Miami, FL 33186, (305) 255-5506.

OFFICERS
Kazuo Tanaka
President

Ernest Medina
Vice president/sales & marketing

Raul Esparza
Vice president/engineering

Yoshi Sasa
Vice president/operations

SALES
Not available

EMPLOYEES

Daikin Industries (worldwide)	6,000

PRODUCT LINES
Daikin
Room air conditioners
Multi-zone split system
  heat/cool pumps
Full application commercial/
  light commercial cooling and
  heating systems

DISTRIBUTION
Daikin products are sold through a mixture of direct sales and two-step distribution through a distributor network.
Sales contact
Call (800) 367-9733 for sales or product information.

PROFILE
Daikin U.S. Corp. is a wholly owned subsidiary of Daikin Industries Ltd. of Osaka, Japan. Established in the early 1930s, the parent company now employs over 6,000 people worldwide, and is involved in all phases of heating, ventilation and air conditioning, as well as robotics, hydraulics, mechatronics, computer graphics and refrigerated containers.

Daikin U.S. Corp. was established in August of 1982 with the opening of its California office. By February 1985, the Atlanta office was opened in Marietta, and in December 1985, company headquarters was moved to this location. The Miami office was opened November, 1986.

DAY & NIGHT
(See Carrier Corp.)

DAYTON
(See Daewoo Electronics Corp.)

EMERSON QUIET KOOL CO.
400 Woodbine Ave.,
Woodbridge, NJ 07095
(201) 381-7000

REGIONAL OFFICES
New England: 555 High St.,
Westwood, MA 02090,
(617) 461-1390, Peter Armstrong, regional sales manager.

Mid-Atlantic: 575 Adams Ave., Philadelphia, PA 19120. (215) 728-6300. William Platt, regional sales manager.

Central: 10746 Indianhead Industrial Blvd., St. Louis, MO 63132. (314) 426-4340. Robert Whitehead, regional sales manager.

Mid-Central: 1329 Sadlier Circle W. Dr., Indianapolis, IN 46239. (317) 352-1206. Ron Christopher, regional sales manager.

Southeast: 15 Dunwoody Park, Suite 100-1, Atlanta, GA 30338. (404) 393-1883. William Fain, regional sales manager.

West: 5940 East Slauson Ave., City of Commerce, CA 90040. (213) 724-5508. Neal Platt, regional sales manager.

RV Sales: 700 East Beardley, Suite 8B, Elkhart, IN 46451. (219) 262-1787. James Kaskey, national sales manager.

OFFICERS

Thomas G. Petersen
President/CEO

Irwin Hersh
Executive vice president/operations

Milton Davies
Executive vice president/finance

Thomas Murray
Vice president/room air conditioner sales

Joseph Burns
Vice president/RV sales

SALES

Not available

EMPLOYEES

Emerson Quiet Kool 600

PRODUCT LINES

Emerson Quiet Kool
Room air conditioners
Dehumidifiers
Recreational vehicle air conditioners

DISTRIBUTION

Emerson Quiet Kool distributes to the dealer by three methods: directly, through sales representatives, and through independent distributors. A central warehouse is located in Edison, NJ, with others spread throughout the country.

PROFILE

Emerson's corporate forefather was Quiet Heet Manufacturing Corp., a Newark, NJ, company founded in 1937, which took pride in being the world's largest manufacturer of oil burners. Twelve years later, Quiet Heet expanded its product line to include "Quiet Kool" room air conditioners. Quiet Heet manufactured room air conditioners for other companies which sold them under several brand names, including the Coldspot brand marketed by Sears.

In 1953, Quiet Heet became Emerson Quiet Kool through its acquisition by Emerson Radio & Phonograph Corp. of Jersey City, a manufacturer of radios, phonographs and, later, television receivers. That same year, Emerson Quiet Kool stopped manufacturing oil burners to focus its attention and resources on the growing market for room air conditioners.

Manufacturing was relocated in 1958 to Emerson Radio & Phonograph's large Jersey City plant. The company moved to its current larger location in Woodbridge, New Jersey in 1961.

In 1966, National Union Electric Corp. acquired a controlling interest in Emerson Radio & Phonograph Corp.

In 1974, National Union Electric became a subsidiary of A.B. Electrolux of Sweden. Then, in 1983, Emerson Quiet Kool was acquired by the Jepson Corp., a private holding company headquartered in Chicago.

Thomas G. Petersen
President/CEO

Thomas Murray
Vice president/room air conditioner sales

Much of Emerson's continued growth and strength is a result of vertically integrated manufacturing — a system that lets the company make more of its product components than it buys. Such a system also improves quality control, which benefits both consumers and retailers.

EMERSON RADIO CORP.

One Emerson La.
North Bergen, NJ 07047
(201) 854-6600

REGIONAL OFFICES

6001 E. Slauson Ave., Commerce, CA 90040. (213) 727-0220.

OFFICERS

William W. Lane
Chairman

Stephen L. Lane
President

Saul Knazick
Senior vice president/sales & marketing

SALES

Emerson Radio Corp.
1984 - $183 million
1985 - $357 million
1986 - $566 million

PRODUCT LINES

Emerson
Microwave ovens
Compact refrigerators

DISTRIBUTION

Emerson sells product by a combination of one- and two-step distribution.

Sales contact

East: Norman Tahler, marketing manager; Christopher Contey, assistant marketing manager. (201) 854-6600.

West: Gary Stines, western regional sales manager, (213) 727-0220.

PROFILE

Emerson Radio Corp. designs and markets a line of home entertainment electronic equipment and home appliances for the consumer. The range of the company's products includes televisions, VCRs, radios, modular and compact stereos, tape players and recorders. Recently, Emerson expanded its line to home appliances with the introduction of microwave ovens and compact refrigerators.

Emerson Radio Corp. also owns 71 percent of Cardiac Resuscitator Corp., which is engaged in the development, manufacture and sale of automatic heart defibrillators and pacemakers. Imatron Inc., in which the company owns 18 percent equity, is a marketer of a high speed cine-computed tomographic scanner.

EXCELLENCE

(See F.G. Industries)

FEDDERS - USA

Air Conditioning Division
415 Wabash Ave. - Box 200
Effingham, IL 62401-2698
(217) 342-3901

REGIONAL OFFICES

East: East Twin Rd., Highlands, NJ 07732. (201) 291-5786. Jeff Doherty, regional manager.

Midwest: 1291 Central Ave., Bensenville, IL 60106. (312) 595-6831. Dan Whitley, regional manager.

South: 404 Williams Ave., Gadsden, AL 35901. (205) 442-6559. Thomas L. Clancy, regional manager.

Southwest: 11851 Gallery View, San Antonio, TX 78249. (512) 691-1129. John Jackson, regional manager.

OFFICERS

R. D. Tyler, Jr.
President

Bernie Tymkiw
Vice president, sales & marketing

Carmen Anzalone
Vice president, design engineering

Robert Nelson
Controller

Bob McElroy
Director of sales

Tom Purcell
National accounts sales manager

George Halsted
Sales manager/private label

SALES

Fedders Corp.
1984 - $120 million
1985 - $104 million

EMPLOYEES

Fedders Corp. 700

PRODUCT LINES

Fedders
Air conditioners
Wall-fit air conditioners
Dehumidifiers

Airtemp
Air conditioners

Climatrol
Air conditioners

DISTRIBUTION

Fedders brand product goes out to retailers by a two-step distribution system; Airtemp brand uses both one-step and two-step distribution; Climatrol products are distributed by one-step distribution only.

PROFILE

Fedders was founded in 1896 by Theodore C. Fedders, a metalsmith whose first products (milkcans, kerosene tanks, and bread pans) served an agricultural economy. However, shortly after the turn of the century, Fedders shifted gears and began producing automobile radiators.

This move introduced the company to the young science of heat transfer, and was the first step toward its eventual recognition as a manufacturer of air conditioning. Fedders gained extensive experience as it expanded its product lines to include water and beverage coolers and ice cube-maker refrigerators for commercial use. One of its

R.D. Tyler, Jr.
President/Fedders-USA

Bernie Tymkiw
Vice president/sales & marketing

COMING IN FEBRUARY. . .
MART highlights trade groups and finance companies serving the appliance industry.

products, frost-free evaporator coils, was marketed for commercial use in 1934, some 20 years before frost-free evaporator coils were introduced to the public.

It was in the 1930s that Fedders emerged as a producer of air conditioning components. After converting its factories back from military production during World War II, Fedders introduced its first room air conditioner.

Fedders Corporation, which oversees the Fedders - USA Air Conditioning Division, also consists of Rotorex Company, a Frederick, Maryland, producer of hermetic, rotary compressors for air conditioning and refrigeration. Fedders Automotive Company, headquartered in Buffalo, New York, produces radiators and other automotive components.

SPOTLIGHT
R.D. Tyler, Jr.
President

"As millions of air conditioners reach replacement age, and the market for first time room air conditioner purchases proliferates, retailers should keep these three key factors in mind in order to maximize their profits:

"First, stay with well-established manufacturers whose names have strong brand recognition. Successful air conditioner retailers have learned that when they offer a brand that is well-known and respected for quality, a name that is synonomous with air conditioning, the selling job is three-quarters done.

"The next step is relatively easy. Concentrate on selling units that combine high quality with desired features and competitive prices. Today's sophisticated consumers want value for their investment, and the wise retailer will accommodate that desire — profitably.

"Third, the best consumer values are generally high-efficiency room air conditioners — which, coincidentally, provide the greatest dollar profit for the dealer. So, these units should be promoted as giving the consumer the best return for his purchasing dollar, resulting in maximum dealer profits."

F.G. INDUSTRIES

417 Northern Blvd.
Great Neck, NY 11021
(516) 482-2668

REGIONAL OFFICES
Not available

OFFICERS
Stan Garfinkle
President

Hank Fischman
Secretary, treasurer

SALES
1987 (proj.) - $40 million

EMPLOYEES
Not available

PRODUCT LINES
Excellence
Compact refrigerators
Compact freezers
Refrigerators
Freezers
Washers/dryers

DISTRIBUTION
F.G. Industries distributes product directly to major retailers through an in-house sales force.

Sales contact
(516) 482-2668
(800) 645-4014.

PROFILE
F.G. Industries began in November 1967 as a sales representative firm for manufacturers of appliances, televisions, radios and audio products in the greater New York area. During 1970, the company augmented its sales rep activities by purchasing product from various foreign appliance manufacturers, which it resold to its dealership. As the firm's base expanded, so did its product line and the territory it serviced.

Total sales volume for the firm has grown from approximately $800,000 in 1971 to an estimated $40 million in 1987, with a corresponding jump in growth in unit volume from 8,000 to 325,000. F.G. products, sold under the Excellence brand name, are shown in over 5,000 retail showrooms in all 50 states.

In addition to its Excellence brand household appliances, F.G. markets a line of Iberna brand commercial refrigerators and freezers, which are sold directly to national accounts and through commercial refrigerator/freezer distributors.

FRIEDRICH AIR CONDITIONING & REFRIGERATION CO.

4200 N. Pan Am Expressway
P.O. Box 1540
San Antonio, TX 78295
(512) 225-2000

REGIONAL OFFICES
Not applicable

OFFICERS
J.L. McMaken,
President

Charles M. Marino,
Vice president/marketing

SALES
Not available

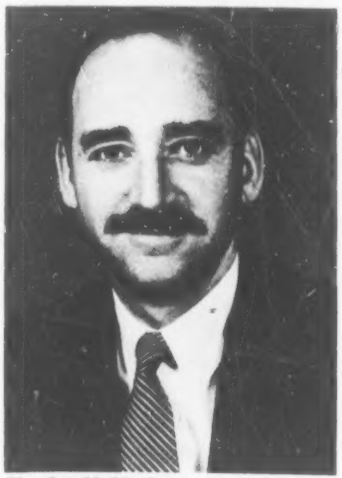
EMPLOYEES
Not available

PRODUCT LINES
Friedrich
Room air conditoners
Dehumidifiers

DISTRIBUTION
Friedrich distributes factory direct and through independent wholesalers.

Sales contact
Charles M. Marino, vice president/marketing, (512) 225-2000.

PROFILE
In 1883, Ed Friedrich opened a one-room, clapboard shop in San Antonio, Texas, where he began his business as a cabinetmaker. His first products were store fixtures and billiard tables. Gradually, Ed began to specialize in coolers and iceboxes. By the turn of the century, the new concept of electricity moved Friedrich to the development of electric refrigeration.


Charles M. Marino
Vice president/marketing

Friedrich's "Floating Air" refrigeration system, patented in 1931, allowed controlled movement of a curtain of cooled air over the tops of open cases. This development led ultimately to the system used in today's supermarkets.

In 1952, Friedrich applied the Floating Air principle to room air conditioners. Distribution expanded, and in 1959, a line of heat/cool room air conditioners was introduced called the "TwinTemp" Heat Pumps.

The 1960s saw development of the Quietmaster series, a line that is still known for its energy efficiency.

Today, Friedrich room air conditioners are also manufactured by licensees in foreign countries, using Friedrich components, technical expertise and manufacturing standards.

SPOTLIGHT
Charles M. Marino
Vice president/marketing

"Today, all appliance retailers are operating in a very dynamic marketplace. It is much unlike the past. Demand for appliances are at a record level and the power retailers have made a major impact on this business. Many of them have gone public to generate funds to launch aggressive expansion plans. Their managements are more sophisticated and the stores are much larger. Product presentation is magnificent and the caliber of sales on the floor is extremely high.

"Dealers today need to be very cognizant of changes and be quick to adapt. There is plenty of business available to all dealers and the lowest price doesn't always get the customer.

"Quality products backed up by respectable companies that provide service are very much in demand today. Dealers' store appearance and product display must be first class and their salesmen must be well-trained in product knowledge and in sales technique.

"Dealers should also be handling lines that offer the consumer quality features and value. In addition, dealers need a line where they can make a reasonable profit and compete against the power retailer on different brands, rather than price on the same brand."

FRIGIDAIRE - WCI

300 Phillipi Rd.
Columbus, OH 43228
(614) 272-4100
(Also see White Consolidated Ind.)

REGIONAL OFFICES
Avenel, NJ (201) 636-2300;
Atlanta, GA (404) 452-1240;
Centerville, OH (513) 435-6770;
Schaumburg, IL (312) 882-4280;
Ft. Worth, TX (817) 654-2314;
Dublin, CA (415) 829-7483.

OFFICERS
H. Morrill, Jr.
Vice president/sales

PRODUCT LINES
Frigidaire
Refrigerator/freezers
Freezers
Laundry
Gas & electric ranges
Built-in ovens and cooktops
Microwave ovens
Dishwashers
Disposers
Room air conditioners
Dehumidifiers

DISTRIBUTION
Frigidaire distributes nationally through regions and independent distributors.

Sales contact
H. Morrill, Jr., vice president/sales, (614) 272-4107.

H. Morrill, Jr.
Vice president/sales - Frigidaire

PROFILE
The first Frigidaire self-contained electric household refrigerator, the Guardian, made its appearance in 1915. It had a solid oak cabinet and insulation made of dried seaweed. Freezer space consisted of slots for two ice trays, and the bulky unit had only nine cubic feet of storage space.

As early as 1921, General Motors, which produced Frigidaire, began a series of improvements that made the electric refrigerator safer, more economical and more dependable. Frigidaire's greatest contribution to the industry, however, was in the area of refrigerants.

Early chemical refrigerants used by all manufacturers were usually toxic; a leak could actually cause harm to persons who breathed the fumes. Often, refrigerators were placed outside the kitchen on the back porch, and hospitals generally could not use them.

In 1928, a General Motors research team set out to find a non-toxic, nonflammable refrigerant, one that would also have a distinct odor in case a leak developed. Within two years, the company had developed dichloro-difluromethane, better known as Freon-12. Freon-12 was offered to all competing manufacturers, and is still the safest and most used refrigerant available.

GAFFERS & SATTLER

(See Magic Chef)

GENERAL ELECTRIC CO.

Major Appliance Business Group
Appliance Park
Louisville, KY 40225
(502) 452-4311

REGIONAL OFFICES
Sales & Service Operations,
Appliance Park, Louisville, KY 40225,
(502) 452-0761, S.J. O'Brien,
vice president & general manager.

East:
Atlanta, GA (409) 980-8402;
Westwood, MA (617) 329-3915;
Ft. Lee, NJ (201) 585-6000;
Clearwater, FL (813) 791-1504;
Cleveland, OH (216) 363-3660;
Horsham, PA (215) 443-9200;
Jessup, MD (301) 953-0320.

West:
Dallas, TX (214) 770-0730;
Denver, CO (303) 320-3400;
St. Louis, MO (314) 997-8355;
Bellaire, TX (713) 660-3180;
Orange, CA (714) 978-8201;
Downers Grove, IL (312) 810-4202;
Pleasanton, CA (415) 340-6414.

OFFICERS

John F. Welch, Jr.
Chairman & CEO/General Electric Co.

Roger W. Schipke
Senior vice president &
group executive/MABG

T.E. Dunham
Vice president & general manager/
Major Appliance Production Division

J.C. Truscott
Vice president & general manager/
Major Appliance Technology Division

Bruce A. Enders
Vice president & general manager/
Major Appliance Marketing Division

Stephen J. O'Brien
Vice president & general manager/
sales and service operations

G.R. Cote
Vice president & general manager/
Consumer Services Division
J.T. Helwig
Manager/major appliance finance
& information services

Dan Jordan
General manager/primary cooking,
microwave oven management
operations

John Higgins
General manager/refrigeration,
room air management operations

SALES

General Electric Co.
1984 - $27.9 billion
1985 - $28.3 billion
Major appliances
1984 - $3.65 billion
1985 - $3.62 billion

EMPLOYEES

MABG 13,500

PRODUCT LINES

General Electric
Hotpoint
Refrigerator/freezers
Electric & gas ranges
Dishwashers
Washers & dryers
Microwave ovens
Room air conditioners
Dehumidifiers
Disposers
Compactors

DISTRIBUTION

General Electric and Hotpoint products are sold through a mixture of one- and two-step distribution.

Sales contact
East: L.R. Johnston, general manager/sales & distribution.
(502) 452-0452.
West: A.G. Myers, general manager/sales & distribution.
(502) 452-3622.

PROFILE

The General Electric Co. was founded in 1878 by Thomas Edison. Its involvement in the appliance business dates back to 1909, when the Hughes Range Co., later a GE unit, produced the first electric range. In 1927, the Monitor Top refrigerator was introduced by GE and was the first major appliance affordable to the masses.

Since then, the company has grown to offer a full line of major appliances under two major brands, GE and Hotpoint, which GE acquired in 1918 through a merger with two companies, Hotpoint and the Hughes Electric Co. The line of primary products include refrigerators, ranges, dishwashers and washers and dryers. Other products include microwave ovens, room air conditioners, freezers, disposers and compactors.

General Electric's extensive resources in research and development as well as market research have enabled the company to create many innovations that are today considered industry standards. For example, the self-cleaning oven, the through-the-door ice and water dispenser and the under-the-cabinet microwave oven were all GE innovations.

GE has undertaken an extensive, long-range capital investment program to strengthen its position as a leader in high-quality, cost efficient appliance manufacturing. The company is investing over $1 billion in state-of-the-art factory automation, first evidenced by the completion in 1983 of an automated dishwasher production facility in Louisville. A modernized refrigeration facility in Bloomington, IN, began producing the new SpaceCenter 27 side-by-side refrigerator in 1986. And other facility modernization projects are underway.

SPOTLIGHT

Roger W. Schipke
Senior vice president &
group executive - MABG

"The best thing a GE retailer can do to maximize profits in 1987 is simply

VISUALIZE A KITCHENAID WASHER & DRYER.

You'll be seeing the real thing in January. When KitchenAid* will introduce a new line of washers and dryers, which will be everything in your mind's eye and more. They'll offer all the premium quality, workmanship, features and reliability that go with the KitchenAid name.

And laundry equipment is only one of the new profit opportunities coming from KitchenAid. We'll also be introducing a new line of refrigerators and freezers. New electric ranges. New microwave ovens. And new built-in ovens and cooktops which will extend the line to every size any customer needs.

With research that shows that homeowners would like more major appliances with the KitchenAid name, this great new lineup of KitchenAid products will present a remarkable opportunity for you to capitalize as never before on the KitchenAid reputation as America's premium, high-performance line.

And because such quality appliances require the total involvement of full-time field sales and service people, we are backing the line with a new, direct KitchenAid sales organization and distribution system to serve you better.

To find out what a commitment to a partnership with KitchenAid can mean for your profit picture, call our zone office nearest you: Los Angeles (714) 261-1806, Dallas (214) 506-8296, Dayton (513) 454-6600, Atlanta (404) 434-1004.

KitchenAid

KITCHENAID® FOR THE WAY IT'S MADE.™

Roger W. Schipke
Senior vice president & group executive - MABG

Dan Jordan
General manager/primary cooking, microwave oven management operations

John Higgins
General manager/refrigeration, room air management operations

leverage what GE is doing to maintain leadership in the major appliance industry. The dealer should communicate these efforts to customers, and display the fullest line of GE products possible so that when the customer arrives on the showroom floor, he or she can be sold.

"Much of what GE is doing has a direct benefit to the consumer or to dealers through our Premier Dealer program. Our company spends millions of dollars to respond to consumer needs with innovative, relevant appliances and to deliver the highest possible quality. We're spending additional millions to make the consumer aware of these products and to generate traffic for the dealer.

"We've also provided the dealer with a variety of pre-purchase and post-purchase support programs, such as the GE AnswerCenter and what we believe is the most extensive factory service network in the industry. Almost three million people a year call the GE AnswerCenter, 365 days a year, 24 hours a day, to talk with customer service representatives. They find out where to buy GE products, and receive use and care information.

"The dealer benefits when he displays a broad selection of products, including those at the high-end, and communicates the whole services package to the consumer."

GERALD INDUSTRIES INC.

3505 N.W. 112th St.
Miami, FL 33167
(305) 688-6634

REGIONAL OFFICES
Not applicable

OFFICERS
Harvey Gerald
President

Tom O'Neal
Vice president/marketing

Orlando Matas
Operations manager

Cesar Fuentes
Service manager

SALES
Not available

EMPLOYEES
Not available

PRODUCT LINES
Gerald
Compact refrigerators/freezers
Full-sized refrigerators/freezers
Microwave ovens

DISTRIBUTION
Gerald distributes direct to dealers through sales representatives across the country. Products are shipped from four regional warehouses: Miami, New York, Chicago, Los Angeles.

Sales contact
Tom O'Neal, vice president/marketing, (305) 688-6634.

PROFILE
Gerald Industries, a supplier of appliances, was incorporated November 30, 1977.

GIBSON - WCI

300 Phillipi Rd.
Columbus, OH 43228
(614) 272-4100

(Also see White Consolidated Ind.)

REGIONAL OFFICES
Hatboro, PA (215) 675-8914;
Clarksville, IN (812) 284-0648;
Columbia, MD (301) 730-6596;
Marietta, GA (404) 977-8637;
Belding, MI (616) 761-3121;
Germantown, TN (901) 754-2642;
Kansas City, MO (816) 587-9534;
Euless, TX (817) 571-0612;
Napa, CA (707) 224-6140;
Beaverton, OR (503) 645-2966.

OFFICERS
K.D. Arend
Vice president/sales

PRODUCT LINES
Gibson
Refrigerator/freezers
Freezers
Laundry
Gas & electric ranges
Dishwashers
Room air conditioners
Dehumidifiers

DISTRIBUTION
Gibson is distributed nationally through independent distributors.

Sales contact
K.D. Arend, vice president/sales, (614) 272-4739.

K.D. Arend
Vice president/sales - Gibson

PROFILE
Gibson's heritage lies in 1877 when Joshua Hall came to Belding, MI with his three sons to manufacture ice boxes. Soon after, an Englishman named John L. Lewis, also in the refrigeration business, joined the Belding-Hall Co. Today, Lewis is credited with the introduction of air circulation in the refrigerator.

In 1908, Frank S. Gibson, Sr., a Greenville, MI merchant, purchased the Skinner-Steeman Furniture Factory in Greenville. Lewis joined the company to head up manufacturing of "ice refrigerators." The success of this factory led to Gibson interests eventually purchasing all of Belding-Hall.

The Gibson Refrigerator Co. began making electric refrigerators in 1931. Some of Gibson's firsts include the full-swing shelf, the moist chiller and the refrigerator interior light. Gibson started manufacture of electric ranges in 1939, and room air conditioners in 1952.

In 1956, Gibson became a division of Hupp Corp., and in 1967, Hupp was merged into WCI.

GLENWOOD

(See Caloric)

GOLD CHEF

(See Brown Stove Works)

GOLDSTAR ELECTRONICS INTERNATIONAL INC.

1050 Wall St. West
Lyndhurst, NJ 07071
(201) 460-8870

REGIONAL OFFICES
East: 1050 Wall St. West, Lyndhurst, NJ 07071, (201) 460-8870.
Joe Greco, NE sales manager

Midwest: 8410 W. Bryn Mawr Ave., Suite 1040, Chicago, IL 60631, (312) 693-0450. D.M. Koo, sales manager

South: 4545 Fuller Drive –350, Irving, TX 75062, (214) 258-6168.
John Stima, SE sales manager;
Randy Mason, SW sales manager.

West: 13013 E. 166th St., Cerritos, CA 90701, (213) 404-1224.
Frans Ransons, sales manager.

OFFICERS
Y.J. Kim
President

Bob Jang
Executive vice president

Joseph Klein
Director of marketing

SALES
Goldstar Electronics Int'l. Inc.
1984 - $200 million
1985 - $300 million
1986 (proj.) - $400 million

EMPLOYEES
Goldstar Electronics Int'l. 16,000

PRODUCT LINES
Goldstar
Microwave ovens

DISTRIBUTION
Goldstar distributes by a combination of direct sales and two-step distribution. Products are shipped nationally from six warehouses.

PROFILE
The Seoul-based Goldstar Co. Ltd., is credited with having launched the Korean electronics industry in 1958 when it created the country's first radios. Soon after, the company began building consumer products such as refrigerators, washing machines, TV sets, electric fans, VCRs, tape recorders, stereo hi-fi equipment and microwave ovens, as well as industrial motors, pumps and other industrial equipment. Goldstar currently holds 50 percent of the consumer product market in Korea.

Goldstar first came to the United States in 1978, offering a line of color and black & white TVs. The company has since added a wide range of electronics products, including microwave ovens. Goldstar has also established factories in the U.S., with a color TV plant and a microwave oven facility now active in Huntsville, Alabama.

Goldstar Co., Ltd. is a subsidiary of the $11 billion worldwide conglomerate, The Lucky-Goldstar Group, with 29 major companies and 28 affiliates. The firm is involved with chemicals, energy, resources, construction, engineering, finance, electronics and telecommunications.

SPOTLIGHT
Young J. Kim
President

"Dealers will hold the key to maximizing major appliance profits in 1987, by carrying a greater selection of sizes and features for their customers.

"Microwave ovens offer perhaps the best example of this position. There's no question that smaller-cavity ovens will continue to gain sales momentum over the larger cavity ovens above 1.0 cubic foot. But the dealer who devotes less attention to the larger ovens stands to pass up both the opportunity to trade a customer up to a higher-priced model, and the larger profits that result."

LOOKING FOR PRODUCT? . . .
Then take a look at MART's special NAHB supplement, featuring the latest in the world of home appliances. Coming in February . . .

LISTINGS

HARDWICK STOVE CO.

240 Edwards St.
Cleveland, TN 37311
(615) 479-4561

(Also see Maytag Co.)

REGIONAL OFFICES
Not available

OFFICERS
James E. O'Malley
Director of marketing

Douglas L. Auten
Manager/advertising &
sales promotion

SALES
Not available

EMPLOYEES
Not available

PRODUCT LINES
Hardwick
Gas/electric ranges
Gas/electric surface units
and wall ovens
Microwave ovens
Gas grills

DISTRIBUTION
Hardwick sells to a national distributor network through factory representatives. Additionally, in markets where strong distribution does not exist, Hardwick will sell major accounts direct through factory representatives.

Sales contact
John Deszyck, manager/distributor sales. (615) 479-4561.

PROFILE
Hardwick Stove Co. was founded in 1879. It is the oldest, continuous range manufacturer in the U.S., and the only manufacturer in the U.S. with a complete line of cooking appliances, including gas grills. Hardwick's pioneering achievements include the development of continuous clean ovens in gas ranges in 1967.

SPOTLIGHT
Jim O'Malley
Director of marketing

"Dealer principals and their sales personnel need to pay more attention to 'the last three feet.'

Better efforts are needed in retail selling techniques and in describing product features to the consumer. Profit margins can be protected with good product knowledge and the ability of the sales force to 'sell products' with better features and more profitable options, rather than 'take orders' for low priced, advertised leaders.

Obviously, consumers should be given the choice, however, good salesmanship will allow the dealer and his organization to move up to more profitable models.

Additionally, dealers need to review their floor models and work with sound step-up and sales strategies among the various models that are on display. Units that don't fit a sales strategy should be discontinued and this will result in better inventory control and higher net profits."

HITACHI SALES CORP. OF AMERICA

401 West Artesia Blvd.
Compton, CA 90220
(213) 537-8383

REGIONAL OFFICES
East: 1290 Wall St. West,
Lyndhurst, NJ 07071.
(201) 935-8980.

Midwest: 1400 Morse Ave.,
Elk Grove Village, IL 60007.
(312) 593-1550.

South: 510 Plaza Dr., College Park,
GA 30349. (404) 763-0360.

West: 401 West Artesia Blvd.,
Compton, CA 90220.
(213) 537-8383.

OFFICERS
Y. Kobayashi
President

Robert O'Neil
Executive vice president

Irv Fulton
Vice president/sales

Bruce Schoenegge
Vice president/product development

Irv Lande
National sales manager/
small appliances-microwaves

SALES
Hitachi (Japan)
1984 - $17.5 billion
1985 - $20.5 billion

Hitachi (Americe)
Not available

EMPLOYEES
Hitachi (worldwide) 165,000

PRODUCT LINES
Hitachi
Microwave ovens

DISTRIBUTION
Hitachi distributes products to dealers through a mixture of independent distributors and direct sales.

Sales contact
Irv Fulton, vice president of sales. (213) 537-8383.

PROFILE
The Japanese parent company of Hitachi Sales Corp. of America, was founded 76 years ago as a shop which specialized in the repair of electric machinery used in mining. The company takes its name from the fishing village of Hitachi located some 90 miles from Tokyo.

Today, Hitachi's business encompasses the fields of power systems and equipment including nuclear power plants, consumer products including consumer electronics, information and communication systems, computers, industrial machinery, electrical cable, metals and chemicals. In Japan, the companys' appliance products include room air conditioners, refrigeration, washers and dryers, microwave ovens, and others.

HOTPOINT

(See General Electric Co.)

IBERNA

(See F.G. Industries)

IMPERIAL

(See Brown Stove Works)

JENN-AIR CO.

3035 N. Shadeland
Indianapolis, IN 46226-0901
(317) 545-2271

(Also see Maytag Co.)

REGIONAL OFFICES
Not applicable

OFFICERS
Donald M. Lorton
President

Claude A. Paten
Vice president/marketing

SALES
Not available

EMPLOYEES
Jenn-Air 600

PRODUCT LINES
Jenn-Air
Grill-ranges
Cooktops
Grills/accessories
Wall ovens
Microwave ovens
Food waste disposers
Refrigerators
Dishwashers
Trash compactors

DISTRIBUTION
Jenn-Air's distribution network includes over 75 independent distributors who sell to dealers throughout the U.S., Canada, and in export markets.

Sales contact
Jerry K. Rinehart, director/sales; Dwight E. Stanfield, director/marketing services. (317) 545-2271.

PROFILE
The Jenn-Air Products Co. was founded in Indianapolis in 1947 by inventor Louis J. Jenn, as a manufacturer of industrial ventilation equipment.

In 1961, Jenn-Air entered the home appliance field. It produced the first residential range featuring a built-in ventilation system that vented cooking fumes outdoors. An eye-level double oven installed over the range also ventilated to the outside. These first two appliances built by Jenn-Air won the "Best Design of a Consumer Product" award by the American Iron and Steel Corp.

In 1965, the company became the Jenn-Air Corp. That year, Jenn-Air also introduced the first surface-ventilated range. Using an exhaust at the surface of the range increased the fume "capture velocity" nine times over that of a similarly powered overhead exhaust system located further from the cooktop. The first surface-ventilated electric grill cooktop and range were brought out in 1967. Other innovations followed, including the first convertible plug-in cooktop grill-range.

In 1975, Jenn-Air spun off its commercial and industrial ventilation products division into Jenn Industries Inc., a subsidiary of Jenn-Air.

In January 1979, Jenn-Air was merged into Carrier Corp.; in June, Carrier was merged into United Technologies Corp. In June 1982, Maytag Co. purchased Jenn-Air and Jenn Industries from Carrier.

SPOTLIGHT
Donald M. Lorton
President

"Maximizing profits on major appliances involves practicing some basic sales strategies. This is especially true of high-end products such as Jenn-Air's.

"On the selling floor, show high-end appliances arranged in a logical sequence from good-better-best.

Donald M. Lorton
President

"Lower priced and advertised specials placed in the back of the store will draw consumers through your display of highly desirable grill-ranges and cooktops.

"Create a kitchen setting and put built-ins in cabinets to help your customers visualize how the equipment will look in their kitchens.

"Demonstrate the products on display.

"Know your customers. What do they want? What do they need? Remember that many of them have not been shopping for appliances in some years. So start by showing them the middle model, explaining all the features. You will find out quickly their interest in trading further up the line.

"Know products inside out. Then you can explain feature step-ups and their monetary value that justify the higher price. Use point-of-purchase materials and other dealer aids.

"You must have a range of low, medium and high-end products on the selling floor. Otherwise, the jump from low to high will represent too large a difference in investment."

KELVINATOR -WCI

300 Phillipi Rd.,
Columbus, OH 43228.
(614) 272-4100

(Also see White Consolidated Ind.)

REGIONAL OFFICES
Wellesley Hills, MA
(617) 237-2093.
Germantown, TN
(901) 757-9407.

East Grand Rapids, MI
(616) 942-2445.

Birmingham, AL
(205) 252-9783.

Aurora, CO
(303) 699-2716.

OFFICERS
R.J. Conklin
Vice president/sales

PRODUCT LINES
Kelvinator
Refrigerator/freezers
Freezers
Laundry
Electric ranges
Dishwashers
Room air conditioners
Dehumidifiers

DISTRIBUTION
Kelvinator is distributed nationally through regions and independent distributors.

Sales contact
R.J. Conklin, vice president/sales. (614) 272-4740.

PROFILE
Kelvinator traces its origins back to 1881 when Charles H. Leonard, scion of the founder of a renowned Grand Rapids, MI furniture manufacturer, designed and began to manufacture a "cleanable" icebox with removable shelves. His firm was known as the Leonard Refrigerator Co. and became known for its shelving and high quality cabinets.

In 1914, in nearby Detroit, a Buick Automobile Co. executive named Arnold Goss provided backing for an electric refrigerating system designed by Nathaniel Wales. Wales started the Electro-Automatic Refrigerating Co. He chose Leonard's cabinets to house his system. Wales renamed the company Kelvinator in 1916, in honor of the noted British physicist Lord Kelvin who, among other achievements, developed an absolute scale of temperature.

During the Great Depression, Kelvinator sought stability by merging with

R.J. Conklin
Vice president/sales - Kelvinator

the Nash Motor Co. in 1937. The firm was renamed Nash-Kelvinator.

In 1939, the company developed the industry's first refrigerator with an "across the top" freezer. It was followed, after the war years, with the first two-door refrigerator with two cold-zones, and then, the first full-length refrigerator.

Nash-Kelvinator made a move into laundry equipment in 1952 with the purchase of Altorfer Bros. Co. Two years later, in an effort to remain a viable auto-maker, the company merged with Hudson Motor Co. The new firm was called American Motors Corp., and Kelvinator became a separate division.

In the following years, Kelvinator continued to innovate, introducing the first side-by-side refrigerator in 1955.

American Motors placed Kelvinator up for sale in 1967 after deciding to focus its resources on cars. The eventual buyer was WCI.

KITCHENAID INC.

Administrative Center
701 Main St., St. Joseph, MI
49085-1392. (616) 982-4500
(Also see Whirlpool Corp.)

REGIONAL OFFICES

East: 3800 Space Drive, Dayton, OH
45414. (513) 454-6600. Greg Friss,
zone manager

Central: 8200 Springwood Dr.,
Suite 200, Irving, TX 75063.
(214) 506-8296. Tom Chapman,
zone manager.

Southern: 5500 Highlands Pkwy.,
Suite 600, Smyrna, GA 30080.
(404) 434-1004.
Don Hassinger,
zone manager.

Western: 34 Executive Park,
Suite 240, Irvine, CA 92714.
(714) 261-1806. Mike Dissinger,
zone manager.

OFFICERS

Glenn Olinger
President

Brian Walker
Division vice president/merchandising

Charles Proctor
Division vice president/sales
and distribution

Charles Evans
Division vice president/marketing
and sales — portables

SALES

KitchenAid Inc.
1986 (proj.) - $200 million

EMPLOYEES

Whirlpool	27,716
KitchenAid	1,500

PRODUCT LINES

KitchenAid

Dishwashers
Built-in dishwashers
Electric/gas ovens
Built-in electric ovens
Electric cooktops
Built-in electric cooktops
Gas cooktops
Combo microwave/self-cleaning ovens
Combo microwave convection/self-cleaning ovens
Trash compactors
Food waste disposers
Instant hot water dispensers

DISTRIBUTION

KitchenAid distributes directly to dealers through regional zones and an in-house sales force.

Glenn S. Olinger
President

Brian Walker
Division vice president/merchandising

Charles Proctor
Division vice president/sales and distribution

PROFILE

The KitchenAid trade name began in 1919 with the introduction of the home mixer. Developed by Troy Metal Products Co. of Troy, Ohio, a subsidiary of Hobart Corp., that product was based on Hobart's first successful commercial mixer. The KitchenAid name was created by the wife of one of the executives working on the project who, serving as a product tester, called it "the best kitchen aid" she'd ever used.

In 1924, KitchenAid Manufacturing Co. became a subsidiary of Hobart. It was purchased by a group of investors in the early 1930s, and reacquired by Hobart in 1936.

In 1949, KitchenAid introduced its first home dishwasher, which marked the company's entry into the major home appliance field.

Additional product introductions followed. Food waste disposers and Instant Hot Water Dispensers were added to the line after the 1966 acquisition of the Plumbing Equipment Division of the National Rubber Machinery Corp. KitchenAid trash compactors were introduced in 1972.

In 1983, the company took a major step to broaden its product line by acquiring the Chambers Corp. of Oxford, Mississippi, a major manufacturer of premium quality built-in cooking equipment. This allowed KitchenAid to introduce a full line of ovens and cooktops including the convection microwave/thermal oven combination.

In February 1986, KitchenAid became a division of Whirlpool Corp., and in August, the administrative, sales, and marketing operations moved to the newly refurbished Washington School building in St. Joseph, Michigan. Other administrative offices remain in Dayton, Ohio.

SPOTLIGHT

Glenn S. Olinger
President

"There is nothing magic about maximizing profits. It takes a lot of hard work plus attention to the fundamentals. Basically, you can only make more profit in three ways — increased price or better mix, increased volume, and reduced cost (acquisition and/or operating).

"The best way, I believe, is to improve mix: let's *sell* better featured, higher-end products. Remember, chances are every customer who buys a major appliance will not need another one of those products for 10 to 15 years. Step up profits by stepping up the sale."

LITTON

4450 Mendenhall Rd. South
Memphis, TN 38101-9990
P.O. Box 1976
Memphis, TN 38101-9990
(901) 366-3000

REGIONAL OFFICES

Not available

OFFICERS

Wayne Bledsoe
President

Howard Bonner
Vice president/engineering

Gary Pearson
Vice president/finance
and administration

Sid Hose
Vice president/marketing and sales

Edward J. Ward
Vice president/consumer sales

SALES

Not available

EMPLOYEES

Not available

PRODUCT LINES

Litton

Microwave ovens
Built-in ovens
Microwave accessories

DISTRIBUTION

Not available

Sales contact

Edward J. Ward, vice president/consumer sales, (901) 366-3000.

MAGIC CHEF INC.

740 King Edward Ave.
Cleveland, TN 37311
(615) 472-3371
(Also see Maytag Corp.)

REGIONAL OFFICES

Northeast: Strathmore Office Plaza,
20 Cambridge Dr., Matawan,
NJ 07747. (201) 566-8667.
Sid Friedman, regional manager.

Great Lakes: Higgins Executive
Center, 1030 W. Higgins Rd.,
Suite 109, Hoffman Estates, IL 60195.
(312) 310-0770. Bob Nelson,
regional manager.

Southcentral: Corporate Plaza #1,
Las Colinas, 4950 North O'Connor Rd.,
Suite 160, Irving, TX 75062.
(214) 252-2155. Jerry Johnson,
regional manager.

Northcentral: 11775 W. 112th St.,
Suite 201, Overland Park, KS 66210.
(913) 469-5737. Bob Biritz,
regional manager.

Southeast: 111 Village Pkwy.,
Suite 201, Bldg. 2, Marietta, GA
30067. (404) 956-0683. Joe Staud,
regional manager.

West: 125 North Vineland Ave.,
City of Industry, CA 91746;
P.O. Box 1219, City of Industry,
CA 91749. (818) 330-6878.
Hugh Eubank, regional manager.

OFFICERS

S.B. Rymer, Jr.
Chairman, CEO/Magic Chef Inc.

J. Hoyle Rymer
President/Magic Chef Inc.

Jim McDavitt
Senior vice president/marketing
and sales

SALES

Not available

EMPLOYEES

Magic Chef Inc.	6,200

PRODUCT LINES

Magic Chef

Refrigerators
Freezers
Compact refrigerators
Dishwashers
Microwave ovens
Gas/electric ranges
Gas/electric built-in cooktops
Built-in wall ovens
Waste disposers
Trash compactors
Residential washers/dryers
Commercial washer/dryers
Dehumidifiers
Recreational vehicle ranges
Vent hoods

Gaffers & Sattler

Gas/electric ranges
Recreational vehicle ranges

DISTRIBUTION

Magic Chef distributes direct to independent appliance dealers and through builder distributors.

PROFILE

Magic Chef Inc., headquartered in Cleveland, TN, is a division of the Maytag Corp., ranked number four in the U.S. in the production of major kitchen

S.B. Rymer, Jr.
Chairman, CEO/Magic Chef Inc.

appliances and laundry equipment.

Magic Chef Inc. includes two divisions and two subsidiaries: the Magic Chef Division which produces gas and electric ranges and microwave ovens; the Magic Chef Air Conditioning and Heating Division, a major manufacturer of central air conditioning and heating equipment; Toastmaster Inc., a subsidiary, manufacturing clocks and timers; and another subsidiary, Dixie-Narco Inc., a leading manufacturer of soft drink vending equipment.

Magic Chef was founded in 1916 as the Dixie Foundry Co. The company acquired certain assets and the brand name of Magic Chef in 1958, and changed its name to Magic Chef Inc. in 1960. It became a publicly held corporation on the New York Stock Exchange in 1970.

In the 1950s, Magic Chef purchased Gaffers & Sattler, a manufacturer of ranges based on the West Coast. Today, product with the Gaffers & Sattler brand name is manufactured at a plant in Los Angeles and distributed in 11 western states.

MAYTAG CORP.

Newton, IA 50208
(515) 792-7000

OFFICERS

Daniel J. Krumm
Chairman, CEO

Leonard A. Hadley
President/Maytag Company

S.B. Rymer Jr.
Chairman, CEO/Magic Chef Inc.

Charles A. Dowd Jr.
President/Admiral Home Appliances

Jerry A. Schiller
Senior vice president, chief financial officer/investor relations

Sterling O. Swanger
Senior vice president, chief manufacturing officer

SALES
Not available

EMPLOYEES
Maytag Corporation 15,000

PROFILE

With corporate headquarters in Newton, Iowa, Maytag Corp. is composed of three major appliance divisions: Maytag Co., Admiral, and Magic Chef. These three divisions are comprised of the Admiral, Norge, Warwick, Crosley, Magic Chef, Maytag, Hardwick and Jenn-Air brands.

Maytag Co. and Magic Chef merged on May 30, 1986, and Magic Chef became a wholly owned subsidiary of Maytag Corp. thereafter.

SPOTLIGHT

Daniel J. Krumm
Chairman and CEO

"While the appliance industry has experienced a number of mergers and acquisitions in recent years, this does not mean a reduction of brand names or product lines. In most cases, and certainly with Maytag Corp., the intent is to preserve and maintain brand integrity.

"For the retailer this means stronger and more complete product lines. There will be new merchandising opportunities to reach more customers in the marketplace. Additional models will make it possible for retailers to reach a broader spectrum of the market. This, of course, will translate into an opportunity for greater volume by offering customers a wider choice to meet their individual needs."

Daniel J. Krumm
Chairman and CEO

MAYTAG CO.

Newton, IA 50208
(515) 792-7000

(Also see Maytag Corp.)

REGIONAL OFFICES

East:
Newton Center, MA (617) 964-3514.
Farmingdale, NY (718) 895-5424.
Marlton, NJ (609) 596-4430, (215) 568-5910.
Pittsburgh, PA (412) 344-7333.
Westlake, OH (216) 835-1600.

Southeast:
Raleigh, NC (919) 876-1382.
Atlanta, GA (404) 980-6310.
Tampa, FL (813) 875-8863.
Brentwood, TN (615) 337-3500.
Harahan, LA (504) 734-0831.

Midwest:
Melrose Park, IL (312) 681-3308.
Southfield, MI (313) 357-5840.
Brookfield, WI (414) 781-7000.
Minneapolis, MN (612) 545-1451.
St. Louis, MO (314) 962-9982.
North Kansas City, MO (816) 471-3440.

Southwest:
Dallas, TX (214) 233-7464.
Houston, TX (713) 872-8585.
Englewood, CO (303) 770-2465.

West:
Portland, OR (503) 227-6581.
Union City, CA (415) 471-9600.
City of Industry, CA (818) 965-2411.

OFFICERS

Leonard A. Hadley
President/Maytag Company

Ralph L. Nunn
Vice president/marketing

Richard J. Haines
General sales manager

SALES
Not available

EMPLOYEES
Maytag Co. 3,400

PRODUCT LINES

Maytag
Washers/dryers
Dishwashers
Disposers
Gas/electric ranges
Wall ovens
Cooktops
Microwave ovens

DISTRIBUTION

Maytag operates through a one-step distribution system employing a field sales staff of 250 serving the company's network of independent dealerships.

PROFILE

Maytag was founded in Newton, IA, in 1893 by F.L. Maytag and three other men. Maytag originally was a manufacturer of farm equipment and attachments.

A wood tub clothes washer was introduced in 1907 to solve seasonal slumps in farm equipment sales as well as to fill the need for a home washing machine. Improvements in the wood tub washer in subsequent years, and the development of an aluminum tub washer, moved Maytag out of the farm equipment business and into appliances exclusively.

Maytag now markets dishwashers, food waste disposers and cooking products in addition to laundry equipment.

Maytag's offices and two manufacturing facilities are located in Newton. A component parts manufacturing plant and a parts distribution center are located in Jefferson City, MO. About 3,400 people are employed, including nearly 500 employees in the field throughout the U.S. and Canada.

Leonard A. Hadley
President

Maytag Co., a division of Maytag Corp., is headed by Leonard A. Hadley, and includes Hardwick Stove, Jenn-Air and Jenn Industries.

SPOTLIGHT

Leonard A. Hadley
President

"1987 will see Maytag moving even closer to our goal as a full-line supplier of quality major appliances.

"The replacement market continues to be the most significant segment of the major appliance business and we presently are in the midst of an exceptionally strong replacement cycle resulting from the record numbers of appliances purchased during the 1970s.

"To answer these consumer demands, Maytag is committed to maintaining its leadership position in advanced appliance technology."

MIELE APPLIANCES INC.

12F Worlds Fair Dr.
Somerset, NJ 08873
(201) 560-0899

PRODUCT LINES

Miele
Built-in ovens
Electric cooktops
Gas cooktops
Ceramic cooktops
Built-in dishwashers
Dishwashers
Washers
Dryers

MODERN MAID CO.

A Division Of Caloric Corp.
403 North Main St.,
Topton, PA 19562-1499
(215) 682-1577

REGIONAL OFFICES
Not available

OFFICERS

Raymond J. Dowling
President

Edward J. Herrelko II
Vice president/marketing & sales

Edward W. Smith, Jr.
Vice president/national sales manager

SALES
Not available

EMPLOYEES
Not available

PRODUCT LINES

Modern Maid
Gas/electric built-in wall ovens
Cooktops
Ranges
Cook-N-Clean Centers
Dishwashers
Compactors
Disposers
Built-in toasters

DISTRIBUTION

Direct distribution to buying groups and dealers. Independent distributors also used for sales to dealers and builders.

Sales contact
Edward W. Smith, Jr., vice president/national sales manager, (215) 682-1577.

PROFILE

The origin of Modern Maid Co. traces back to 1904 with the founding of the Tennessee Stove Works by J. L. Caldwell. Its product line included coal and wood burning ranges and heaters. In the 1930s the company introduced its first gas range. Its line of kitchen appliances developed rapidly throughout the 1940s, and in the early 1950s, it entered the free standing electric range field. By the mid-1950s, the company concentrated its full efforts toward the built-in appliance market.

In 1972, the company merged with McGraw Edison, and in 1978 became the Kitchen Appliance Division of that company. Modern Maid remained as the brand name.

In 1981, the division was sold to Raytheon Co., and became part of Caloric Corp. Modern Maid head-

COMING IN FEBRUARY. . .
MART highlights trade groups and finance companies serving the appliance industry.

Edward W. Smith, Jr.
Vice president/national sales manager

quarters moved from Chattanooga to Topton, Pennsylvania.

Modern Maid introduced the industry's first gas double wall oven in 1964, "slo cook" in 1977, and push/turn child-safe built-in knobs in 1975.

Today, Modern Maid has four industry exclusive products in its line: the built-in toaster, introduced in 1960; the Cook-N-Clean, which combines in 30 inches of space an eye level bake/broil oven, a cooktop, and dishwasher, introduced in 1968; the gas downdraft cooktop, introduced in 1980; and the touch Tri-Mode microprocessor controlled combination microwave/electric wall oven, introduced in 1985.

SPOTLIGHT
Raymond J. Dowling
President

"The high-end, built-in category of major appliances has recently emerged as a significant profit making center for appliance dealers.

"In the past, retailers had conceded this business to kitchen specialists. Recent activity by sophisticated retailers has proven that there is tremendous profit potential in this category.

"In 1985, high-end built-ins represented eight percent of total major kitchen appliance sales. During 1986, this figure jumped to 10 percent. The prime reason has been the entry of dealers into this category. By actively promoting built-ins, retailers have not only helped to greatly expand this market, but also pick up significant profit dollars. High-end built-ins command top dollars, and bring an upscale clientele into the store. Dealers who wish to maximize profits in 1987 should consider looking into this marketplace."

NATIONAL

(See Brown Stove Works)

NORGE

(See Admiral)

O'KEEFE & MERRITT

(See Tappan)

PANASONIC CO.

One Panasonic Way
Secaucus, NJ 07094
(201) 348-7000

(Also see Quasar)

REGIONAL OFFICES
Northeast:
Secaucus, NJ (201) 348-7000;
Westwood, MA (617) 326-4000.

Mid-Atlantic:
Baltimore, MD (301) 761-1900;
Albany, NY (518) 456-8242;
Philadelphia, PA (215) 364-8300;
Pittsburgh, PA (412) 561-8823.

Midwest:
Arlington Heights, IL (312) 364-7900;
Farmington, MI (313) 477-2760;
Bloomington, MN (612) 829-0019;
Hazelwoods, MO (314) 731-1344.

Southern:
Norcross, GA (404) 923-9700;
Miami, FL (305) 621-5814;
Irving, TX (214) 550-1400;
Houston, TX (713) 590-3663.

West:
Cypress, CA (714) 895-7200;
Hayward, CA (415) 887-5830;
Renton, WA (206) 251-5209;
Portland, OR (503) 257-9661;
Anchorage, AK (907) 276-7191;
Aurora, CO (303) 371-3080;
Phoenix, AZ (602) 273-0713;
Honolulu, HI (808) 682-2851;
Carolina, Puerto Rico (809) 750-4300.

OFFICERS
Kiyoshi Seki
President

Henry Yamanaka
Executive vice president, CEO

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Ralph Wolfe
Senior vice president/
sales and marketing

Steve Asada
Senior vice president/
merchandising-corporate planning

Maurice Guiheen,
Vice president, group general
manager/home appliance group

Dick Muehlenhard
General manager/major
appliance development

Jeff Vogel
Marketing and merchandising
manager/major appliances

SALES

Matsushita Elec. Ind. Co., Ltd.:
1984 - $23.3 billion
1985 - $24.9 billion

Panasonic:
Not available

EMPLOYEES

Matsushita Elec.
Ind. Co., Ltd. 134,000

PRODUCT LINES

Panasonic
Compact refrigerators
Air conditioners
Portable laundry
Major appliances:
  Induction/electric cooktops
  Electric ranges
  Electric wall ovens
  Dishwashers
  Built-in dishwashers
  Refrigerators
  Freezers
  Waste disposers

DISTRIBUTION

Panasonic uses direct sales in key markets and independent distributors in other areas.

Sales contact
Ian Brydon, national sales manager/major appliances; Bob Falzone, national sales manager/small appliances, (201) 348-7000.

PROFILE

Matsushita Electric Industrial Co., Ltd. of Japan formally incorporated Matsushita Electric Corp. of America in 1959. Before establishing this U.S. arm, the company had been selling Matsushita product here on a limited basis, through a joint venture with the Imperial Knife Co. called MACO Electronic Corp. MACO's business was in private brand transistor and tube radios.

Matsushita's new American subsidiary quickly purchased all franchise and distribution rights from MACO, dissolving the joint venture. Coming along to help launch the new venture was Bud Fujii, the Matsushita representative at MACO, and Ray Gates, an American hired by Imperial Knife to work with Fujii handling distribution of Matsushita product. Gates, along with Fujii and "Morey" Matsumoto, are credited with helping to establish an orderly distribution system that became a chief factor in the company's rapid success.

The Panasonic brand name used for the company's products was taken from a high fidelity loudspeaker, model 8P-W1, which was marketed from 1956 through a New York distributor.

The parent company in Japan was founded in 1918 by Konosuke Matsushita who, with two employees, set out to produce an electric plug adapter he had designed. It has grown into one of the world's largest industrial corporations. Today, Matsushita products are sold in more than 130 countries under the brand names National, Panasonic, Technics, Quasar and JVC. In addition to its consumer products, Matsushita manufactures a wide range of industrial electronics and machinery.

PAYNE

(See Carrier Corp.)

PORTLAND

(See Daewoo Electronics Corp.)

QUASAR CO.

1325 Pratt Blvd.
Elk Grove Village, IL 60007
(312) 228-6366

REGIONAL OFFICES

East: 1050 Wall St. West, Lyndhurst, NJ 07071, (201) 438-8100.
David Isenberg, zone manager.
Branch office in: Norwood, MA; Pittsburgh, PA; Warminster, PA.

Southeast: 6255-C Boat Rock Blvd., Atlanta, GA 30336, (404) 346-1881.
Gabe Villani, zone manager.

Midwest: 1325 Pratt Blvd., Elk Grove Village, IL 60007, (312) 228-2895. Larry Kwolek, zone manager.
Branch office in: Taylor, MI.

Southwest: 4201 Diplomacy Rd., Fort Worth, TX 76155.
Neil Davis, zone manager.
Branch office in: Spring, TX.

Western: 16100 E. Foothill Blvd., Azusa, CA 91702, (818) 969-8881.
Bob Barman, zone manager.
Branch office in: Hayward, CA.

OFFICERS

F. Jack Pluckhan
President

Keith Nishikawa
Executive Vice President

Wallace A. Fraser, III
General manager/appliance division

SALES

Matsushita Elec. Ind. Co. Ltd.
1984 - $23.3 billion
1985 - $24.9 billion

Quasar:
Not available

EMPLOYEES

Matsushita Elec.
Ind. Co. Ltd. 134,000
Quasar 200

PRODUCT LINES

Quasar
Microwave ovens
Microwave/convection ovens
Refrigerators
Air conditioners

DISTRIBUTION

Quasar distributes through a nationwide network of both independent distributors and company-owned zones and branches.

Sales contact
Wallace A. Fraser, III, general manager/appliance division, (312) 228-6366.

PROFILE

Quasar was formed in May of 1974 when Japan-based Matsushita Electric Industrial Co. Ltd., one of the world's largest consumer electronics companies, purchased the Consumer Products Division of Motorola Inc.

In the intervening years, Quasar Co. has established itself as a marketer of color, projection and black-and-white televisions; video cassette recording equipment; portable audio and home entertainment systems; microwave/convection ovens; compact refrigerators and room air conditioners.

In addition to these and other products, Quasar offers a comprehensive marketing support program including a strong national advertising program, sales aids and training, merchandising support and publicity to help the dealer in his marketing activities.

SPOTLIGHT

Jack Pluckhan
President

"The major appliance retailer must first accept some realities for 1987. The changes in our tax code may have a negative impact on consumer purchases and remodeling plans, at least for the first half of the year until consumers fully understand the ramifications of the new tax laws. Second, some brands may be shaken out as part of corporate consolidations, while others may be consolidated with other existing brands.

"To counter these negative influences on sales and maximize profits in '87, the retailer must look at his suppliers, and consider strengthening his commitment to those who view him as important. This can be essential to insuring prompt delivery of product.

"If the retailer tries to broaden his offerings, he should broaden the products in each individual line, rather than look to a wider variety of suppliers. This allows him to maintain a logical good-better-best relationship of products, enabling the consumer to make intelligent choices.

"Last, but very important, the retailer must remain visible. His promotional activities will be more important in an uncertain economy than ever before."

RANGAIRE CORP.

501 S. Wilhite
P.O. Box 177
Cleburne, TX 76031
(817) 645-9111

REGIONAL OFFICES

Not available

OFFICERS

R.E. Roberts
Chairman, CEO

J.M. Hill
President, chief operating officer

J.W. Browder
Vice president/marketing

Benny G. Falcon
National sales manager

SALES

Rangaire Corp.
1984 - $72.2 million
1985 - $76.9 million
1986 - $79.9 million

EMPLOYEES

Rangaire Corp. 860

PRODUCT LINES

Rangaire
Range hoods
Exhaust fans
Compact refrigerators
Compact freezers
Beer coolers
Induction cooktops

DISTRIBUTION

Rangaire's appliances are sold directly to independent dealers and distributors for resale. The company also sells private brand product to national retail merchandising chains.

Sales contact
Benny G. Falcon, national sales manager, (817) 645-9111.

PROFILE

Rangaire was incorporated in 1950 and is engaged in three separate and distinct businesses: home appliances, production and sale of limestone and lime products, and general building contracting.

In the home appliance field, operations are conducted through one division and one wholly-owned subsidiary, Induction Corp. (formerly named "Chambers Corp.").

Principal manufactured products in this business include kitchen range hoods, fluorescent lighting fixtures, compact freezers and induction-heat cooking units. Until late in fiscal year 1983, a line of high-quality built-in appliances was manufactured for the company by the Chambers Corp. At that time, an agreement was reached with the KitchenAid division of Hobart Corp., in which all of the principal assets of Chambers Corp. were purchased by KitchenAid.

RAYTHEON CO.

141 Spring St.
Lexington, MA 02173
(617) 860-2414

OFFICERS

Thomas L. Phillips
Chairman and chief executive

Charles W. Schmidt
Senior vice president/appliances

SALES

1985 - $6.4 billion

Raytheon Appliance Group
(Includes Amana, Caloric Corp./
Modern Maid, Speed Queen)
1984 - $797 million
1985 - $785 million

EMPLOYEES

Raytheon (worldwide) 73,000

PROFILE

Raytheon Co. is active in electronics, aviation, appliances, energy, construction, and publishing. The company ranks number 60 in the Fortune 500 listing of the nations largest industrial firms. It also ranks ninth among prime contractors to the Department of Defense.

Founded in Cambridge, MA in 1922.

Thomas L. Phillips
Chairman and chief executive

Charles W. Schmidt
Senior vice president/appliances

the company adopted the Raytheon name in 1925. Its first products were radio tubes. Later, Raytheon became an important supplier of radar equipment for the government during World War II. By 1964, the firm was ready to embark on a diversification program to balance the sales of its government electronics business, which led it to appliances and other industries. Today, Raytheon has five groups which embrace 10 divisions and 12 major operating subsidiaries, with more than 80 plants and laboratories in 26 states.

In appliances, Raytheon is one of the nation's five largest producers. The company's subsidiaries are Amana Refrigeration, Caloric Corp., Modern Maid Co., and the Speed Queen Co.

Among many notable achievements in the company's history, most significant in the appliance field was the first application of microwave energy to the heating of food. Raytheon invented and commercially introduced the first microwave oven, under the trademark "Radarange."

RICCAR AMERICA CO.

14281 Franklin Ave.
Tustin, CA 92680
(714) 669-1760

REGIONAL OFFICES

East: 4725 Fulton Ind. Blvd.,
Atlanta, GA 30336.
(404) 696-3900.

West: 14281 Franklin Ave.,
Tustin, CA 92680.
(714) 669-1760.

OFFICERS

Larry Kroll
President/CEO

Gen. J. Hubbard
Chief operations officer

J.R. Smith
Vice president

Craig Neal
Director/sales & marketing

SALES

Not available

EMPLOYEES

Riccar America 24

PRODUCT LINES

Riccar
Microwave ovens

DISTRIBUTION

Riccar distributes its products directly to retailers from its headquarters and branch offices.

Sales contacts

East: J.R. Smith, vice president.
(404) 696-3900.

West: Craig Neal, director/sales
& marketing.(714) 669-1760.

PROFILE

Riccar America Company, which began as a subsidiary of Riccar Japan, has been in business in the United States for 22 years as an importer and distributor of sewing machines, vacuum cleaners, microwave ovens and ceiling fans.

Today, the firm is owned by an American concern, and uses a variety of sources for its Riccar brand products.

ROPER CORP.

1905 W. Court St.
Kankakee, IL 60901
(815) 937-6000

REGIONAL OFFICES

Not applicable

OFFICERS

Robert E. Cook
President, CEO

Wayne L. Harris
Vice president, president/
Roper Sales Corp.

Jerry Cope
Vice president/sales & marketing
- appliances

SALES

Roper Corp.
1984 - $534 million
1985 - $521 million
1986 - $568 million
Kitchen appliances only
1984 - $189 million
1985 - $199 million
1986 - $234 million

EMPLOYEES

Roper Corp. 4,000

PRODUCT LINES

Roper
Gas/electric ranges
Gas/electric double oven ranges
Gas/electric wall ovens
Gas/electric cooktops
Microwave ovens
Dishwashers
Refrigerators
Disposers
Compactors
Hoods

DISTRIBUTION

Roper sells product through a mixture of one- and two-step distribution.

Sales contact

Call (800) 237-6737 for ordering or product information.

PROFILE

Roper was founded in 1874 as a producer of kerosene stoves. Today, Roper Corp. is a major manufacturer of cooking appliances and outdoor power equipment such as lawn tractors and lawnmowers.

Among the innovations Roper has developed are the automatic clock control for oven cooking (pioneered in 1931), a low temperature oven designed to hold at 250 degrees (1937), a giant "Rocket-speed" burner (1956), and the gas self-cleaning range (1968).

The company supplies products under its own brand name as well as under private labels. A key customer is Sears, Roebuck and Co., which purchases appliances and outdoor equipment. According to Roper's annual financial report, Sears accounted for 77.1 percent of sales in fiscal 1986.

SAMPO CORP. OF AMERICA

5550 Peachtree Industrial Blvd.,
Norcross, GA 30071
(404) 449-6220

REGIONAL OFFICES

Not applicable

OFFICERS

T.P. Wang
President

Jung Ko
Executive vice president

Fred Lin
Director of marketing

Mike McCombs
Director of sales

SALES

Not available

EMPLOYEES

Not available

PRODUCT LINES

Microwave ovens
Room air conditioners

(Sampo appliances are marketed in this country on an OEM private label basis.)

DISTRIBUTION

Sampo sells product directly from its corporate headquarters.

Sales contact

Fred Lin, director of marketing.
(404) 449-6220.

PROFILE

Sampo Corp. of America was launched in 1976 to market the products of its Taiwan-based parent. Sampo in Taiwan was founded in 1936 by M.P. Chen as a supplier of communications equipment.

SANYO ELECTRIC INC.

200 Riser Rd.
Little Ferry, NJ 07643
(201) 641-2333

REGIONAL OFFICES

East: 200 Riser Rd.,
Little Ferry, NJ 07643.
(201) 641-2333.

Midwest (OEM sales):
600 Supreme Dr., Bensenville,
IL 60106. (312) 595-5600.

West: 1200 West Artesia Blvd.,
Compton, CA 90220.
(213) 537-5830.

Hawaii: 1610 Hart St.,
Honolulu, Hawaii 96817.
(808) 841-0151.

OFFICERS

Nobuhiro Arimoto
President

Teruaki Suwa
Senior vice president

Patricia Rienzi
Vice president

Steven Sherman
National sales manager/
major appliances

SALES

Sanyo Electric Co. Ltd. (Japan)
1985 - $7.5 billion
Sanyo Electric Inc. (U.S.)
Not available

EMPLOYEES

Sanyo (worldwide) 70,000

PRODUCT LINES

Sanyo
Refrigerators
Freezers
Washers
Dryers
Window air conditioners
Microwave ovens

DISTRIBUTION

Sanyo distributes through independent representatives direct to dealers, and in selected markets, independent distributors to dealers.

Sales contact

Steve Sherman, national sales manager/major appliances.
(201) 641-2333.

PROFILE

Sanyo Electric Inc., the representative sales company of Sanyo brand products in the U.S., was established in 1961. It is one of the subsidiaries of Sanyo Electric Co. Ltd., one of the largest electronics companies in the world, with headquarters in Japan and more than 70 overseas companies.

Sanyo's sales divisions mainly cover two categories: consumer electronics, including VCRs, audio systems, color TV and others, and home appliances, including microwave ovens, refrigerators, air conditioners, laundry and small household goods.

The company has two manufacturing affiliates in the U.S. Sanyo Manufacturing Corp., in Forrest City, AK, produces color TVs and microwave ovens. Sanyo E & E Corp., San Diego, CA, manufactures refrigerators. Sanyo also owns Fisher Corp. in Chatsworth, CA, which manufactures speaker components and sells audio and video equipment.

SPOTLIGHT

Nobuhiro Arimoto
President

As for the economic forecast, the coming year will not be strong — same as the latter part of 1986. But I have a firm belief that major appliances have the possibility of being different from the other industries. The manufacturers and retailers in this industry have a hand-in-hand relationship, which has helped the profitability of both.

"More of this interactive relationship between the two — by way of product development, sales promotion, exchange of point of sales information, etc. — will help each other maximize sales and profitability in 1987."

SHARP ELECTRONICS CORP.

Sharp Plaza
Mahwah, NJ 07430
(201) 529-8200

REGIONAL OFFICES

Not available

OFFICERS

K. Kubo
Chairman

S. Hirooka
President

O.P. (Perry) Clay
General manager/home appliances

Mike Williamson
National sales manager/
home appliances

Richard Gedman
National sales manager/
microwave ovens

Ron Poole
National accounts manager/
microwave ovens

SALES

Sharp Electronics (U.S.A.)
1984 - $1.2 billion
1985 - $1.4 billion
1986 (proj.) - $1.7 billion

EMPLOYEES

Sharp (U.S.A.) 2,000

PRODUCT LINES

Sharp
Air conditioners
Microwave ovens

DISTRIBUTION

Sharp's primary source of distribution for microwave ovens and air conditioners is through a network of 52 independent distributors located nationwide.

Sales contact

Mike Williamson, national sales manager/home appliances; Richard Gedman, national sales manager/microwave ovens. (201) 529-8200.

PROFILE

Sharp Electronics Corp., the U.S. subsidiary of Japan's Sharp Corp., markets more than 25 different lines of appliances, consumer electronics, industrial and office products from its headquarters in Mahwah, New Jersey. In total, some 400 products carry the Sharp brand name in the U.S.

Sharp Corp. has its roots in a metal works operated by Tokuji Hayakawa starting in 1912. In 1915, Hayakawa invented a mechanical pencil named the Ever-Sharp Pencil, from which he took the name of the company he founded. Later, in 1925, Sharp moved into electronics, producing crystal radio sets.

Today, the company's products are sold in 135 countries. Sharp has 34 manufacturing facilities in 29 countries.

SPOTLIGHT

O.P. (Perry) Clay, general manager of Sharp's Home Appliance Division, notes the following for retailers hoping to maximize microwave oven sales in 1987:

1) High-end convection/microwave ovens offer retailers excellent opportunities for profit. Although these units are particularly strong sellers in the replacement market, many first-time buyers can benefit from the full-range of cooking options offered by the convection/microwave oven.

2) Retail salespersons can maximize their profits by spending more time learning about the various microwave oven categories and spending more time discerning from customers which microwave oven size/wattage power will best suit their needs. Qualifying the consumer by matching a model to their cooking needs creates a much better opportunity to sell a higher-end oven.

3) Accessories sales, including mounting kits and specialty items like Sharp's microwave cooking instructional videotape, offer additional opportunities to increase microwave oven profits.

SPEED QUEEN CO.

P.O. Box 990, Shepard St.,
Ripon, WI 54971-0990
(414) 748-3121
(Also see Raytheon Co.)

REGIONAL OFFICES
Not available

OFFICERS
Thomas D. Hall, Sr.
President and CEO

Jeff Brothers
Director/home laundry sales

Thomas S. Kaczmarek
Director of marketing

Roger Able
National sales manager/
distributor sales

Richard Lynch
Sales manager/direct operations

SALES
Not available

EMPLOYEES
Speed Queen 1,800

PRODUCT LINES
Speed Queen
Home washers/dryers
Commercial washers/dryers

DISTRIBUTION
Speed Queen primarily uses two-step distribution with some limited direct branch sales.

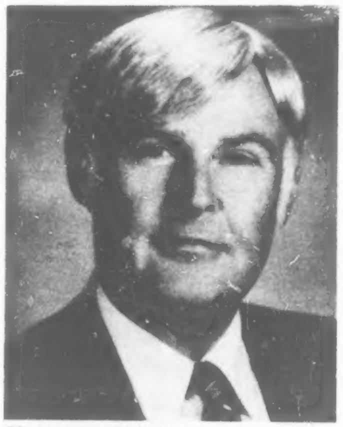
Sales contact
Roger Able, national sales manager/distributor sales.
(414) 748-3121.

Roger Able, national sales manager/distributor sales. (414) 748-3121.

PROFILE
The history of Speed Queen begins in 1908 in Ripon, Wisconsin. Two Ripon hardware merchants, Joe Barlow and John Seelig, established the Barlow & Seelig Manufacturing Co. to introduce a hand-operated washer called "The White Cloud." At a price to retailers of $96 per bakers dozen — 13 machines for the price of 12 — success was immediate. The company made an impressive $20,000 profit in its first year.

By 1911, Barlow & Seelig introduced its first washer powered by an electric motor. Four years later, in 1919, the founders saw a record sales year attributable to its exclusive vacuum washing principle, which created more water action than other washers of the day.

Other innovations followed, including the first stainless steel washer tub, a well-known feature that continues as an industry exclusive on U.S. built top-loading agitator washers.


Thomas D. Hall, Sr.
President and CEO

In 1928, Barlow & Seelig introduced a new machine christened "Speed Queen" which became the brand name for all company products. In 1949, Barlow & Seelig Manufacturing Co. was renamed Speed Queen Corp. Seven years later, 1956, Speed Queen merged with McGraw Electric Co. which the same year merged with Thomas A. Edison Inc., and Speed Queen became a division of McGraw-Edison Co.

The first Speed Queen automatic clothes dryer was made in 1952 and the first automatic washer followed in 1953. In 1971, Speed Queen opened a new plant in Searcy, AK for the manufacture of home dryers.

In Fall of 1979, Speed Queen Co. began operating as a subsidiary of the Raytheon Co., which is headquartered in Lexington, Massachusetts.

SUB ZERO FREEZER CO.

P.O. Box 4130
Madison, WI 53711
(608) 271-2233

PROFILE
Sub Zero is considered a leading supplier of high-end residential refrigeration equipment.

SUNRAY

(See Caloric Corp.)

TAPPAN O'KEEFE & MERRITT-WCI

300 Phillipi Rd.
Columbus, OH 43228
(614) 272-4100
(Also see White Consolidated Ind.)

REGIONAL OFFICES
St. Rose, LA (504) 464-7901;
Worthington, OH (614) 436-5632;
Phoenix, AZ (602) 269-8484.

OFFICERS
R.E. Conti
Vice president/sales

PRODUCT LINES
Tappan
Refrigerator/freezers
Laundry
Gas & electric ranges
Gas & electric ovens and cooktops
Microwave ovens
Dishwashers
Disposers
O'Keefe & Merritt
Refrigerator/freezers
Gas& electric ranges
Gas & electric ovens and cooktops
Microwave ovens
Dishwashers
Disposers

DISTRIBUTION
Tappan and O'Keefe & Merritt are both distributed through a system of regions, districts and independent distributors.

Sales contact
R.E. Conti, vice president/sales.
(614) 272-4412.

PROFILE
W.J. (Bill) Tappan set out selling cast iron stoves and heaters door to door from a horse-drawn wagon in 1881. The original company was known as the Ohio Valley Foundry Co. That name was changed in 1889 to the Eclipse Stove Co., after Tappan participated in a government excursion to view a total eclipse. When an Eclipse competitor came on the scene, management of the two companies met, formed a union, and called the new entity the Tappan Stove Co.

Tappan participated in manufacture of military equipment for both World Wars. Before and after, the company distinguished itself with developments such as the first use of insulation around an oven to retain heat and keep kitchens cooler. It also was first to produce a unit with all-rounded corners, and the first with an all-porcelain-enameled range. The first oven-door window was brought out by Tappan.

R.E. Conti
Vice president/sales - Tappan/O'Keefe & Merritt

In 1948, Tappan produced its first electric ranges and also launched an expansion program that would soon see it purchase O'Keefe & Merritt Co., a major West Coast producer of ranges. Soon after, in the 1950s, Tappan developed a microwave oven.

Further diversification led to other kitchen products in the sixties, including dishwashers, disposers, refrigerators, freezers and ventilating hoods. Kemper, the first of four kitchen cabinet companies was also purchased.

In 1979, Tappan became associated with AB Electrolux, which later purchased White Consolidated Industries, of which Tappan is now a division.

TATUNG CO. OF AMERICA INC.

2850 El Presidio St.
Long Beach, CA 90810
(213) 637-2105

REGIONAL OFFICES
East: 815 Allgood Rd.,
Marietta, GA 30062-3305.
(404) 428-9090. Bob Bennett,
regional sales manager.

Midwest: 3320 Dalworth St.,
Arlington, TX 76011
(817) 640-3175. Dick Singleton,
regional sales manager.

West: 2850 El Presidio St.,
Long Beach, CA 90810.
(213) 637-2105. Robert Piscatelli,
regional sales manager.

OFFICERS
Chieh Sun
President

George Chen
Senior vice president, marketing

Steve Wang
Vice president

Edward Chen
National marketing manager

Hanson Yang
Product manager/compact refrigeration

SALES
Not available

EMPLOYEES
Tatung (worldwide) 20,000

PRODUCT LINES
Tatung
Microwave ovens
Compact refrigerators

DISTRIBUTION
Tatung's electric appliances are sold direct to dealers and by sales representatives.

PROFILE
Tatung Co. of America, whose name means "brotherly harmony," was founded in 1972 as a joint venture by Dr. Chieh Sun, Daniel Sun, and its parent company, Tatung, Taiwan's largest electronics and electrical products manufacturer. Tatung's worldwide sales are approximately $800 million annually.

The U.S. subsidiary began with one line of electric fans and currently markets more than 20 different product lines, among them electrical appliances and consumer electronics. The Home Appliance Division accounted for 47 percent of company sales in 1985. Tatung holds a dominant market share of fans sold in the U.S.

A few years ago, almost half of Tatung's products sold in the U.S. were under private labels. Today, the Tatung label appears on nearly 95 percent of its products.

SPOTLIGHT
Chieh Sun
President

"Through the years, profit margins have spiralled down, and most retailers are looking for ways to improve that situation.

"Naturally, carrying brand name product lines is necessary to produce volume sales, but if I were a retailer, I'd look to quality brands of limited distribution that challenge the sales skills of my staff and yield a higher profit margin than most brand name manufacturers can offer.

"I'd look for extras in the way of special features, styling or services.

"And, as a retailer, I'd also insist that my product lines reflect a variety of labels in order to offer my customers a wider range of choices and, at the same time, distinguish my store apart from others carrying only brand names.

"In this already over-crowded industry, I believe there is still room for manufacturers who are more quality-oriented than quantity-oriented, and willing to work with retailers to provide the best profit margins possible."

DON'T MISS . . .
MART's Annual NAHB Special Report. Watch for the February issue.

THERMADOR/WASTE KING

5119 District Blvd.
Los Angeles, CA 90040
(213) 562-1133

REGIONAL OFFICES
Not applicable

OFFICERS
Phil Friedrich
President

Al Miserocchi
Vice president/sales & marketing

Bob Lewis
Manager/sales administration and distribution

John Lomacz
General sales manager/
California sales

Bob Woods
Senior product manager/
cooking appliances

SALES
Masco Corporation
1984 · $1.16 billion
1985 · $1.15 billion
Thermador/Waste King
Not available

EMPLOYEES
Masco Corporation 14,000

PRODUCT LINES
Thermador
Micro-thermal ovens
Micro-convection ovens
Gas/electric cooktops
Cook'n'Vent cooktops
Built-in electric ovens
Electric ranges
Indoor barbeques
Stay-Hot oven
Dishwashers
Waste disposers
Compactors
Range hoods

Waste King
Dishwashers
Waste disposers
Compactors
Commercial disposers

DISTRIBUTION
Thermador primarily uses two-step distribution for its major appliances through a series of 53 independent distributors located throughout the U.S. and Canada. In California, the company uses a direct, factory-run sales branch.

Sales contact
Al Miserocchi, vice president/sales and marketing, (213) 562-1133.

PROFILE
Thermador was founded in 1935. The company's first consumer goods offered were a line of electric wall heaters. However, throughout the years, Thermador moved into other product categories and created its niche by offering product with unique features.

Among other innovations, the company claims the first use of black glass on ovens, the first built-in wall ovens, the ability to use microwave and thermal heat simultaneously, and use of swivel impellers in disposers.

More recently, Thermador was the first to introduce solid elements to the U.S. in its Europa II line of European-style appliances. Today, Thermador is considered a leader in the high-end built-in kitchen appliance business.

Thermador/Waste King's parent company, the Masco Corp., offered its first consumer products about 30 years ago with the introduction of its proprietary, washerless Delta faucet.

The majority of Masco-owned companies are producers of products for the home, including faucets and other bathroom and kitchen fixtures, appliances, locks and other builder's hardware, ventilating equipment and the like. Recently, a corporate restructuring resulted in the spinning off of a new company, Masco Industries, to handle industrial product sales.

SPOTLIGHT
Bob Woods
Senior product manager

"For appliance retailers to increase their profitability in 1987 and beyond will require that they change. One area of change that is proving to be profitable is the move into built-in appliances. Built-ins are now a growing segment of the retail business, and they will continue to grow in the future."

TOSHIBA AMERICA

82 Totowa Rd.
Wayne, NJ 07470
(201) 628-8000

REGIONAL OFFICES
East: Wayne, NJ
(201) 628-8000.
Mike Guida, manager.

Central: Chicago, IL
(512) 564-1200.
Rick Calacci, manager.

West: Los Angeles, CA
(213) 770-3300.
Gary Whitney, manager.

Southeast: Atlanta, GA
(404) 263-0369.
David Prall, manager.

Southwest: Dallas, TX
(214) 438-8223.
Doug Jones, manager.

OFFICERS
R. Suzuki
President

M. Kanazawa
Vice president/consumer products

S. Tamura
Vice president/merchandising appliances

Kevin Furlong
National marketing manager/
appliances

Mike Murphy
Marketing manager/small appliances

SALES
Toshiba (world-wide)
(fiscal year ended March 1986)
$18.7 billion

EMPLOYEES
Toshiba (world-wide) 120,000
Toshiba America 1,000

PRODUCT LINES
Toshiba
Microwave ovens
Compact refrigerators
Compact laundry

DISTRIBUTION
Toshiba services its network of dealers through its sales rep organization.

PROFILE
Toshiba was founded in 1875 as a manufacturer of light bulbs. Today, the company manufactures a wide range of products from semiconductors to consumer electronics, appliances, industrial machinery and others. Toshiba is the ninth largest electrical equipment company in the world.

In the home appliance field, Toshiba is considered a leading manufacturer of magnetron tubes, the device which is used at the heart of all microwave ovens.

Toshiba America was founded in 1965, and since that time has been selling consumer electronics products in the American market. This U.S. subsidiary is currently headed for $1 billion in sales.

SPOTLIGHT
Toshiba American president, R. Suzuki, believes that dealers can maximize profits in major appliances by selling name brands and having a variety of models available for consumers to make their choice to fit their budgets. Public awareness must be maintained through local advertising on the part of dealers. Service and knowledgeable sales personnel are also important, he adds.

TOWN & COUNTRY

(See Brown Stove Works)

U-LINE CORP.

8900 North 55 St.
Milwaukee, WI 55223
(414) 354-0300

PRODUCT LINES
Under counter refrigerators
Compact refrigerators
Residential ice makers
Wine coolers

VESTA

(See Athens Stove Works)

WARWICK

(See Admiral)

WASTE KING

(See Thermador/Waste King)

WELBILT CORP.

3333 New Hyde Park Rd.
New Hyde Park, NY 11042
(516) 365-5040

REGIONAL OFFICES
Not available

OFFICERS
Richard Hirsch
President

Lawrence Gross
Executive vice president

Howard Lorsan
Vice president/marketing & sales

SALES
Welbilt Corp.
1984 · $142 million
1985 · $152 million

EMPLOYEES
Welbilt Corp. 1,700

PRODUCT LINES
Welbilt
Ranges
Air conditioners
Microwave ovens
Refrigerators

DISTRIBUTION
Welbilt sells through a combination of direct factory sales, independent factory sales reps, and independent distributors nationwide.

Sales contact
Howard Lorsan, vice president/
marketing & sales, (516) 365-5040.

Range·onomics

Vesta Deluxe Series Ranges. Top Quality and Durability at a Price Within "The Budget."

It's easy to figure out why customers choose Vesta Deluxe Series Gas and Electric Ranges. Customers with Budget Restrictions don't want to settle for less — they want to pay less for more. Selling your customers on the Deluxe Series is easy. These ranges are medium-priced with topline quality and good looks.

Liberally supplied with features: clock, timer, glass oven door, oven light — plus all these other features and *Strong Selling Points*:

- **Cleanability.** Lift-off oven door with patented Anti-Snap Back hinges. Fully porcelainized cooktop and burner box bottom. Chrome handles. Non-tilt chrome oven racks. Efficient self-cleaning models also available.
- **Serviceability.** Front serviceable. With a 12-month parts and labor warranty. Toll free number for prompt repair parts and service.
- **Durability.** Virtually every range part is porcelainized or made of anti-corrosive materials for longer life. And we thoroughly inspect every range, and test every functional part to *make sure it works and lasts!*

Plus! Vesta offers a Generous Sales Program, including freight, payment terms, and an advertising allowance.

30" Gas Range

30" Electric Range

For more information
Call Toll Free Today!
1-800-233-0498
(In TN 1-800-356-5466)

The Smart Choice
Vesta
Athens Stove Works
P.O. Box 10, Athens, TN 37303

One of the White Consolidated Industries.

PROFILE

Welbilt Corp. has its foundation in a company formed in 1929 to produce commercial ranges. Over the years, the company has grown to where it now owns some 12 subsidiaries (nine in the U.S.) which are engaged primarily in the production of commercial food service equipment, including ovens and ranges, fryers, ice machines and the like.

In 1975, Welbilt entered the home appliance field for the first time. The company manufactures ranges and also supplies air conditioners, microwave ovens and refrigerators sourced from other firms. In addition, the company also manufactures vertical furnaces for residential use.

WHIRLPOOL CORP.

Benton Harbor, MI 49022
(616) 926-5000

REGIONAL OFFICES

Southeast: P.O. Box 706, Norcross, GA 30091; 6585 Crescent Dr. N.E., Norcross, GA 30091. (404) 449-4360.
Jim Johnston, regional director.

Great Lakes: 100 Progress Rd., Lombard, IL 60148. (312) 932-6000.
Art Maxon, regional director.

Midwest: P.O. Box 14430, Lenexa, KS 66215; 15500 W. 108th, Lenexa, KS 66219. (913) 888-1020.
Brad Gaddie, regional director.

Southwest: 4488 Spring Valley Rd., Farmers Branch, TX 75244
(214) 233-2200.
Jim Martin, regional director.

West: P.O. Box 4931, Anaheim, CA 92803; 917 E. Katella Ave., Anaheim, CA 92805. (714) 634-9696.
Roger Brown, regional director.

OFFICERS

Jack D. Sparks
Chairman, president, CEO

George E. Wardeberg
Vice chairman, chief operating officer

David R. Whitwam
Vice chairman, chief marketing officer

H.W. (Hank) Bowman
Vice president/Whirlpool sales

Robert L. Brintnall
Executive vice president/subsidiary operations

August Brogno
Vice president/major appliance group

Glenn S. Olinger
Vice president, president of KitchenAid Division

Robert W. Paul
Division vice president/Whirlpool sales and distribution

SALES

Whirlpool Corp.
1984 - $3.1 billion
1985 - $3.5 billion

EMPLOYEES

Whirlpool Corp. (total with subsidiaries)	27,716
Whirlpool	23,600
KitchenAid	1,500

PRODUCT LINES

Whirlpool
Home Laundry
Refrigerators
Freezers
Room air conditioners
Dehumidifiers
Microwave ovens
Ranges
Residential ice makers
Residential trash compactors
Dishwashers
Commercial laundry

DISTRIBUTION

Whirlpool has a two-step distribution system which uses company sales branches and, in certain regions, independent distributors.

Jack D. Sparks
Chairman, president, CEO

PROFILE

Whirlpool's history traces back to the Upton Machine Co., founded in 1911 by Chicagoan Lou Upton, and his uncle Emory Upton, a machine shop owner in the St. Joseph, Michigan area. Lou, who owned a patent for a manually operated clothes washer which had never been produced, challenged his uncle to power the device electrically. Upon completion of Emory's design, Lou moved to St. Joseph and the company was launched.

By 1916, Upton had shipped its first order of electric washers to the mail order house of Sears, Roebuck and Co., establishing a valued business relationship that endures to this day. The appliances were sold under Sears' "Allen" brand name.

In 1929, Upton was forced to increase capacity because of Sears' expansion into retail sales. To accommodate the demand, Upton Machine merged with the Nineteen Hundred Washer Co. of Binghamton, New York to create the Nineteen Hundred Corp.

By 1947, the company's first automatic washer, nicknamed the "Jeep," was introduced by Sears under the "Kenmore" brand name. Shortly after, the Nineteen Hundred Corp. began marketing its own line of laundry equipment, using the brand name Whirlpool, as taken from an agitator washer developed around 1920 by the Nineteen Hundred Washer Co. In 1949 an automatic dryer was added to the line, and by 1950, the Nineteen Hundred Corp. was renamed Whirlpool Corp.

In 1955, Whirlpool merged with Seeger Refrigerator Co. of Minnesota, allowing it to add a refrigeration line, and causing a temporary change of the company name to Whirlpool-Seeger. Along with Seeger came the former air conditioning and range business of RCA. Whirlpool, known to consumers primarily for laundry, reached an agreement with RCA to strengthen its name through the use of the RCA logo. The brand became RCA Whirlpool in 1956; the RCA name was dropped ten years later in 1966.

In 1956, a new administrative center was completed on a 100-acre site just north of Benton Harbor, Michigan, where Whirlpool's main offices still stand today.

In the years following, Whirlpool acquired plants and companies to enhance its production capabilities, and also started new subsidiaries such as the firm that eventually became Whirlpool Acceptance Corp. Most notable among its recent acquisitions was that of KitchenAid, a division of Hobart Corp., which was purchased from Dart & Kraft Inc. in 1986.

SPOTLIGHT

Jack Sparks
Chairman, president and CEO

"Develop a *strategic* or *long range* plan for a two to five year time frame. Put your plan in writing. Be sure it is realistic and reflects *your* long range objective.

"If you switch brands or select a new brand, analyze all the support services the manufacturer, distributor, and branch can provide. They can help maximize your advertising, sales training, display, floor planning, retail promotion, inventory turns and financial analysis, and assist you in establishing objectives.

George E. Wardeberg
Vice chairman, chief operating officer

David R. Whitwam
Vice chairman, chief marketing officer

H.W. (Hank) Bowman
Vice president/Whirlpool sales

"Continually strive to sell a better mix of higher-end product, and also work to sell accessories and services — don't give them away, and don't use them as closers.

"Evaluate your store hours and have your top sales people available to sell the dual income household (evenings, Saturdays, and Sundays if necessary). Make your delivery schedule as flexible as your store hours to deliver at the customer's convenience.

"If you handle your own delivery and installation, consider putting these people, as well as your warehouseman, on commission. Offer incentives for less damage, increased numbers of delivery, and installation done right the first time.

"Tie your local advertising into your major brands national advertising schedule when possible. Run the same product categories at the same time.

"Finally, do something a successful retailer, a good friend of mine, did four years ago. He went to his employees and asked them simply how they, as major appliance retailers, could improve sales and do a better job. I visited with this gentleman recently, and he told me he had prioritized this list, had been working on it four years, and still has not accomplished all of the outstanding ideas given to him by his very own employees. In the meantime his operation has grown and become more profitable each of the last four years.

"It's still a people business, be it your supplier, your distributor, your employees, or your customer. Maximize their abilities, and you'll have a profitable 1987."

WHITE CONSOLIDATED INDUSTRIES

WCI Appliance Center
300 Phillipi Rd., P.O. Box 182056
Columbus, OH 43218
(614) 272-4100

OFFICERS

D.C. Blasius
Chairman, CEO/WCI major products group

J.M. Ringler
President/WCI major appliance group

H.E. Schafer
Group vice president/marketing

R.F. Zoellner
Vice president/marketing

E.P. McIntosh
Vice president/marketing & merchandising

R.M. Rozic
Vice president/builder sales

SALES

Not available

EMPLOYEES

Not available

LOOKING FOR PRODUCT? . . .
Then take a look at MART's special NAHB supplement, featuring the latest in the world of home appliances. Coming in February . . .

D.C. Blasius
Chairman, CEO/WCI major products group

J.M. Ringler
President/WCI major appliance group

H.E. Schafer
Group vice president/marketing

PROFILE
White Consolidated Industries is a division of AB Electrolux of Sweden, the world's largest appliance manufacturer and the leading appliance maker in Europe. WCI, with its Frigidaire, Gibson, Kelvinator, O'Keefe & Merritt, Tappan and White-Westinghouse brands, plus its private label business, accounts for $3 billion in annual sales in the U.S.A.

WCI began before the turn of the century as a sewing machine manufacturer. In 1966, the company purchased the Hupp Corp., which then owned Gibson Appliances. WCI soon determined that a full line capability was necessary to maintain a presence in the appliance market. The purchase of Franklin Manufacturing added freezers to its line-up of refrigerators, laundry and room air conditioners. Ranges, and additional manufacturing facilities, were added with the purchase of Kelvinator in 1968 from American Motors.

Despite these additions, however, WCI still lacked a dishwasher manufacturing facility. That gap was filled in 1975, with the purchase of Westinghouse Electric's appliance division, which also created the White-Westinghouse brand name. With this acquisition, WCI became a full-line manufacturer.

Also in 1975, WCI made an even more important acquisition with the purchase of the Frigidaire brand from General Motors. The move propelled the company to $2 billion in annual sales for the first time in its history.

In April 1986, WCI, the nation's third largest appliance manufacturer, was added to AB Electrolux's U.S. holdings. Along with WCI came its national sales and service organizations, and its huge manufacturing facilities. Under the WCI umbrella, AB Electrolux consolidated its previously acquired Tappan brand, and Tappan's O'Keefe & Merritt line. Also included in the original Tappan purchase were four kitchen cabinet makers, of which Quaker Maid and Kemper are best known.

AB Electrolux, the Stockholm-based parent company, was formed in 1914 when founder Axel Wenner-Gren sent salesmen door-to-door with a vacuum cleaner. In 1964, ASEA, a large electrical equipment company controlled by Swedish entrepreneur Marcus Wallenberg, purchased a large block of stock. The Wallenberg empire today controls a majority of AB Electrolux's voting shares. AB Electrolux has been run for more than 15 years by chairman of the board Hans Werthen and his top managers, president and CEO Anders Scharp, and vice chairman Gosta Bystedt.

R.F. Zoellner
Vice president/marketing

SPOTLIGHT
J.M. Ringler
President/WCI major appliance group

"It is obvious that maintaining acceptable profit margins in the competitive major appliance retail market is as difficult for the retailers as it is for manufacturers.

"A representative model mix on the dealer's floor, plus adequate back-up inventory are imperatives for success, as are inventory turns, effective cost control procedures, and motivation of sales personnel.

"Aggressive local advertising, promotions and selling events draw prospective customers. As manufacturers, we believe that increased participation by the retailer in sales training would greatly benefit retail sales. Included should be knowledge of product features and benefits, instruction on how to qualify the customer and improved expertise on 'how to close.'

"The maturing baby boomers continue to form new families at a high level, which is having a positive effect on home construction. Replacement levels of major household appliances should remain strong.

"Microwave ovens, while forecasted to be slightly below the 1986 level of 10 million units, will still have excellent volume potential for retailers."

WHITE-WESTINGHOUSE - WCI

300 Phillipi Rd.,
Columbus, OH 43228
(614) 272-4100

REGIONAL OFFICES
Greenvale, NY (516) 484-4300;
Norcross, GA (404) 447-8330;
Columbus, OH (614) 274-3344;
Des Plaines, IL (312) 299-0790;
Houston, TX (713) 772-5398;
Carson, CA (213) 637-7330.

OFFICERS
C.J. Laufersweiler
Vice president/sales

PRODUCT LINES
White-Westinghouse
Refrigerator/freezers
Freezers
Laundry
Gas & electric ranges
Electric ovens and cooktops
Microwave ovens
Dishwashers
Disposers
Room air conditioners
Dehumidifiers

DISTRIBUTION
White-Westinghouse products are distributed nationally through regions and independent distributors.

C.J. Laufersweiler
Vice president/sales - White-Westinghouse

Sales contact
C.J. Laufersweiler, vice president/ sales, (614) 272-4735.

PROFILE
White-Westinghouse Appliance Company, a division of White Consolidated Industries since 1975, is the original appliance division of Westinghouse Electric Corp. It's history dates back to 1917, when Westinghouse Electric Manufacturing Co. purchased the Copeman Electric Stove Co. of Flint, MI., and began production of ranges in Mansfield, OH. The 1914 Copeman range was the first household electric range to be sold.

In 1930, Westinghouse entered the refrigerator market. Among the company's achievements in this area is the frost-free refrigerator/freezer, introduced in 1950. This patented breakthrough was the forerunner of the basic feature found on nearly all refrigerators today. Westinghouse also offered such innovations as an electric touch-to-open door and an automatic juice dispenser in the 1950s.

Westinghouse helped launch the dishwasher industry in 1935 with the first portable dishwasher. In laundry, the firm claims the first fully automatic clothes washer that didn't need to be bolted to the floor (1939), thus opening up the laundry market considerably. With the advent of tumbler washers, Westinghouse helped fill the need for a suitable low-sudsing detergent when it teamed with Monsanto Chemical to develop "All," still a popular product today (though no longer owned by White-Westinghouse).

Room air conditioners were added to the Westinghouse line in 1933.

Note: MART has compiled the preceding directory from information provided by the suppliers. MART makes no claims as to the accuracy of the information provided. Entries that appear incomplete are the result of the manufacturer having withheld requested information at its own discretion.

PERSPECTIVE

Looking to '87 and beyond

by Aaron Neretin

There are going to be over 43 million major appliance products shipped by manufacturers and sold by retailers in 1987.

To some in the industry, that figure is disappointing since it represents less than a two percent gain in total shipments compared with the estimated final figures for 1986.

To others, however, anytime estimates are forthcoming that represent over $22 billion in total sales, the opportunities are staggering.

If these dollars were divided equally among all United States major appliance retailers — from a purely statistical but not realistic point of view — each dealer would realize somewhat over $1 million in sales at the end of 1987 which, in turn, could represent profits of anywhere from $100,000 to $200,000 per retailer.

Most manufacturers and distributors of appliance products are concerned that general descriptions by appliance industry analysts of 1987 being a "flat" growth year will tend to sour the distribution system on the potential for the year. As a result, many suppliers plan to send their people out into the system with a clear analysis that indicates a large slice of the pie can accrue to the aggressive retailer next year.

Even more significant in analyzing the prospects for 1987 are the anticipated increases in unit shipments of high-profit, high-technology, multi-featured products. Reasonably good gains are expected in mid- to high-end refrigeration, laundry, and dishwashers with more moderate increases projected for mid- to top-of-the-line ranges.

The major mergers and resulting conglomerates will start to bear unique product fruit in 1987.

Microwave ovens, which represent the single largest total of unit sales of all major appliance categories, have had much of their profitability squeezed by competitive conditions over the past few years. But, even here, some suppliers expect to see a gradual increase in profitability in 1987 when new design and function features hit the retail floor. They admit that microwaves' profits are harder to call because high-end features find their way too quickly down to the middle- and low-end of many lines, and average sale prices are about half of what they were a few years ago.

But these microwave suppliers feel that a general trend to sell the best in a "good, better, best" selling environment for all major appliances will impact on microwave ovens as well.

The positives for the major appliance retailer to consider as he enters 1987 are numerous.

They include a greater dependence on major appliances to supply a larger percentage of overall store profits, and plans by most of the larger suppliers to heavily increase their national and local promotional activity for the higher-ends of their major appliance lines.

They also include the fact that the industry will sell over 4.5 million ranges, nearly 12 million microwave ovens, well over 5 million washers, about 3.75 million dryers, nearly 3.75 million dishwashers and close to 6 million refrigerators in 1987. And, if a couple of good hot spells break across the country next summer, we could see sales of air conditioners topping the 3 million unit figure.

The other side of the coin, however, involves the competitive posture and pressure that is likely to be applied to retailers by the so-called "new kids" on certain appliance category blocks.

The major mergers and resulting conglomerates which have developed over the recent past will start to bear unique product fruit in 1987.

Specialty product firms within these conglomerates are expected to move closer and closer to full line brands. Others within these groups who have already begun this process will move with greater rapidity by taking on even more sophisticated products supplied by their sister firms, and adding missing categories to make the full line a reality.

The net result will be the appearance of quite a number of new stock keeping units bearing brand labels not usually associated with certain categories. This, in turn, may force retailers to add or replace units on the floor with new SKUs as they — and their suppliers — battle to hold, increase or develop new market share in a small unit gain year.

The power retailers in this country will have no problems with this increase in SKUs because they have long adopted a "we can take it or leave it" attitude. Neither the new or the existing supplier will succeed in applying floor inventory pressure.

But the middle-sized retailer will be feeling pressure as his highly profitable specialty supplier comes to him with new category offerings that may be too tough or dangerous to turn down.

The activities of the large conglomerates (Maytag — Magic Chef, Admiral, Hardwick, Norge, Gaffers & Sattler; Electrolux — Tappan, Frigidaire, White-Westinghouse, Kelvinator, Gibson, Athens Stove, O'Keefe & Merritt; Raytheon — Amana, Speed Queen, Caloric, Modern Maid, Sunray; Whirlpool — KitchenAid; and the powerhouse General Electric — Hotpoint operation) spell an especially competitive environment as each brings product, productivity and large cash reserves to bear on its distribution system.

According to most industry sources the battle for retail floor space will be joined on two fronts.

The first will be the aforementioned increase in SKUs and the pressure that will be put on retailers to "come aboard."

The second will be the critical and publicized attention that the suppliers give to their distribution methodologies. Here we'll see an even closer association between suppliers and this country's power retailers and major buying groups. And there will also be a broad series of statements on the need to play down attention to the power retailer in favor of more attention to the good independent.

Next year promises to be not only a profitable year for major appliances. It promises to be a year in which retailers are forced to make critical decisions and commitments which will play a large part in determining their survival and growth potential for the future. □

Cordless phones make colorful comeback

Fashion design and color give cordless phones a new lease on life.

Fashion colors and racy designs have been the rage of the telephone business this year — that's no secret. The hot pinks, pale blues, mauve, red, black, and of course, the pastels for the inevitable Miami Vice look, have turned the buying public on. So have unique new designs, such as the "melted 2500" look, a wedge-shaped phone with rounded corners that looks like a slice of ice cream cake turned on its side.

It was inevitable, then, that this same attention to fashion is now trickling over into the rejuvenated cordless telephone marketplace.

Design styling as shown here in GTE's 3100 cordless phone is part of a move away from the "walkie-talkie" look.

Cobra, for example, is just one manufacturer that expects to create some excitement next year with fresh styling in its cordless line. "We've down-sized the unit so it doesn't look like a big bar of soap," says John Ehrisman, vice president of marketing for Cobra. "The consumer will see a cordless phone that has the size and appearance of a regular corded phone — it's the next step in design."

Cobra's move is appropriately timed. The "cordless comeback" is indeed a reality. Sales are back in the ballpark with the glory days of 1982-83, when that first rush of enthusiasm allowed wireless phones to capture about 20 percent of the telephone market.

Soon after, as many retailers well remember, consumers began having problems. If you carried a phone down to the garage it lost the signal; if your neighbor also had a cordless, your phone could beep and jangle when he received a call. And even if you were lucky enough to stay connected, the sound quality was reminiscent of the bottom of an empty swimming pool. Most of those early cordless phones wound up in the trash can, and the business just about died at the end of 1983.

It remained in a coma until late last year. What revived it was new security measures built into the phones and 10 new frequencies of communication the FCC opened up in 1984, tripling the allowed number. Brand-name manufacturers began producing cordless phones that worked.

These changes have given the industry a second lease on life. This year's cordless sales will account for about 16 percent of the market, and many industry observers believe the market share will increase next year. "I think the cordless phone will become a basic part of the home telephone inventory," says Freeman Robinson, vice president and general manager of GTE Consumer Communications Products.

So, for 1987, a face lift may be just what the doctor ordered to go along with the cordless telephone's revamped image. The cordless telephone still carries the stigma of its troubled early years, and many believe that a move away from the heavy walkie-talkie look will help consumers differentiate this new and better generation of product.

At the very least, it should make them view cordless a little more like a

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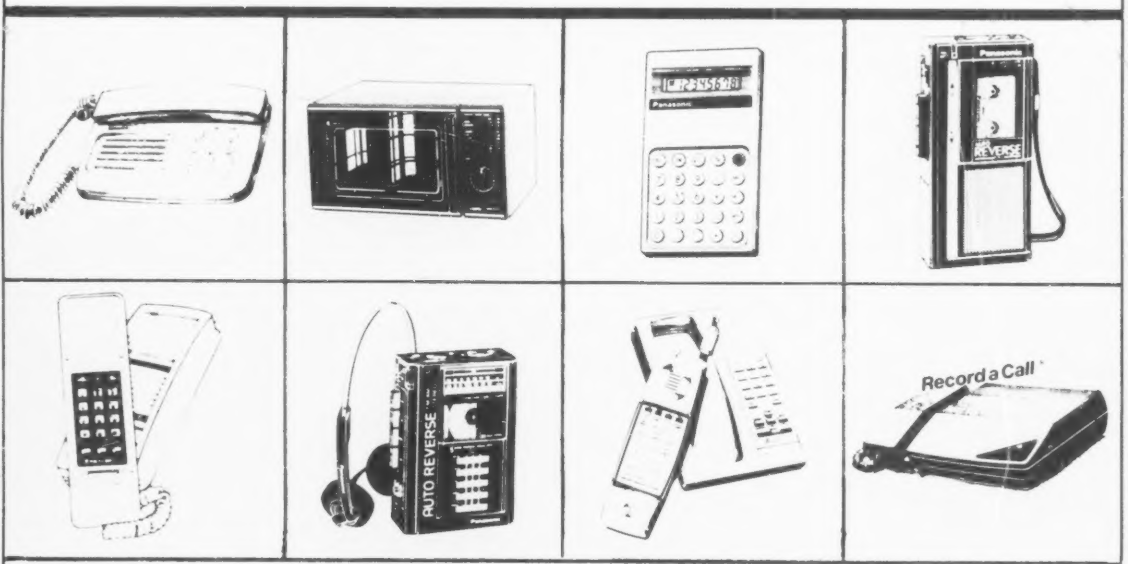

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Who Buys Cordless

- **Men — 15.4%***
- **Women — 8.8%**
- **Ages 35-44 — 14.8%**
- **Ages 44-55 — 5.9%**
- **Ages 55+ — 17.6%**
- **Income of $25-35,000 — 22.7%**
- **Income of $35-50,000 — 11.1%**
- **Income of $50,000+ — 5.9%**
- **People with a home business — 5.6%**

**Of the telephones sold to this group in 1986, this percentage is cordless.*

Source: Yankee Group

telephone, and less like something Captain Kirk would use to talk to Spock. David Seifert, a senior vice president at B.A. Pargh, the large national distributor, was very impressed when he got an advance peek at Cobra's four new cordless models. "I think the Cobra piece looks great," he says. "And I think its a good plan of attack to make it look more like a telephone — it's the easiest way to get the non-cordless buyer to accept the phone."

GTE's Robinson also thinks it's the right time to bring fashion colors and design to cordless phones. With all the manufacturers mimicking each other's functional features, such as automatic redial, memory, mute control and so on, "the way to be different is to look different."

According to studies done by the Yankee Group market research firm in Boston, cordless phones are mostly an older male purchase (see chart). "Yet, women have the larger say in purchasing telephones for the household," points out Chris Jackson, an analyst with the firm. This means that a major force in the market is being missed. If the female buyer can be attracted to the new colors and design in cordless, the floodgates may be opened.

Already there is clear evidence that colors matter in cordless sales. Panasonic's new cordless, the KX-T3815, has been available since August in red and black — two very contemporary, high-tech colors. The manufacturer reports that the unit has done quite well in the first round of sales. "We've been very successful in the department stores and are now opening it up to other retailers," says Panasonic's Michael Troetti, national sales manager for two-way communications.

MCE, one of the oldest cordless manufacturers, has also been doing well with colors. Since this summer, when it started shipping its units in pink, gray, ebony and white, the company has been short of stock. "Our production is at its max and we can't meet the demand, even though our production is one of the highest in the field," says Sol Steinmetz, president.

In fact, the colors have been so popular that MCE will be expanding them next quarter. At the top of a new line of five models the company will feature a gold-plated and silver-plated cordless with black accents. These new cordless models will also feature a new design that Steinmetz says has the "melted 2500" look.

While it is clear that cordless phones are going colorful, nobody knows which colors. Most offerings so far are pretty basic. Perhaps the widest selection comes from a small New York City company, Sam Hill Enterprises. Its Superfone, which just started shipping, comes in eight colors that include pink, green, blue, and maroon. Next year GTE will probably offer the same colors it has in its corded line, but here again, the emphasis will be on fairly conventional tones.

So, what about the pastels? Steinmetz says we may see pastels "much sooner than companies think." What he means by sooner is January of 1988. He says that next year manufacturers will have too much difficulty delivering present models to worry about new colors.

Troetti of Panasonic also expects to see pastels because there "is a very large female market that likes pastels." But color, after all, tends to be fadish. By next year pastels may no longer be chic. Dennis Awad, president of Tele-Com Products Inc., a large

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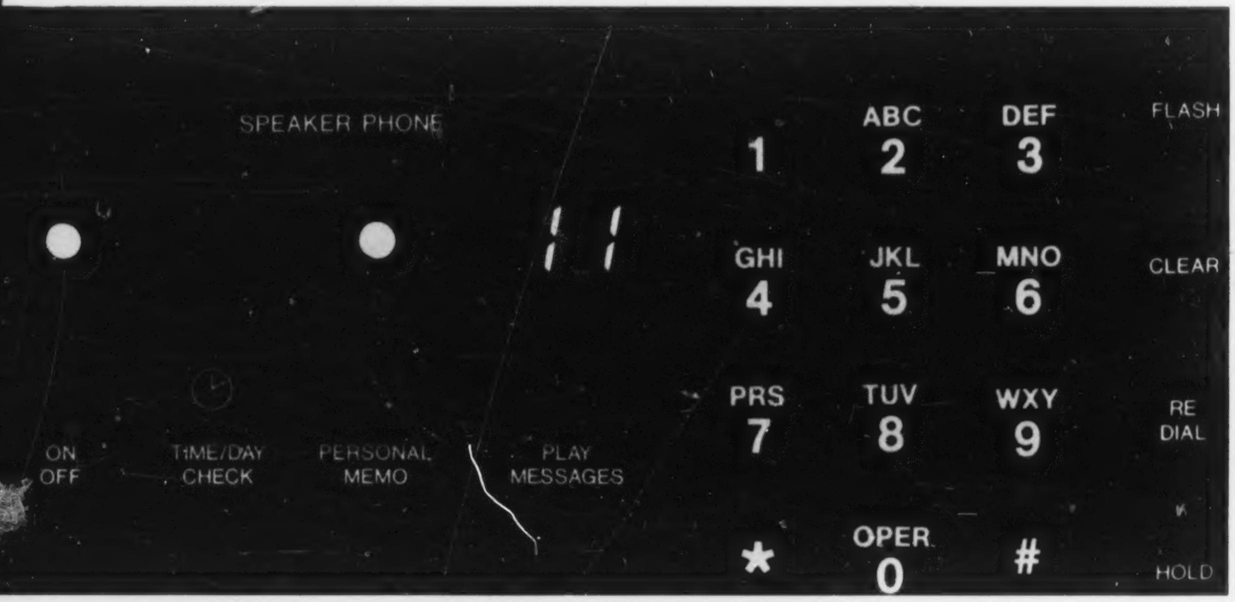
cordless distributor in the Western U.S., advises retailers to watch the home furnishings and kitchen appliance markets to see what's the latest in color fashion. "Next year we may see the sherbert colors — yellows, oranges and greens — become popular in feature phones," he says. So these colors may make it to cordless phones even before the pastels.

Whether it's pastels or sherberts or who-knows-what, it probably won't happen until the end of next year. For now, manufacturers have their hands tied. The rounding and softening of the cordless look by GTE in its 3100 and 3200 models, MCE's move into fashion and Cobra's new line all represent a promising trend. But phone makers are being held back by the high cost of surface mounting the components.

When the costs go down — by the end of next year, GTE's Robinson thinks — a great variety of designs will likely flourish in the marketplace. The best is yet to come. "This," says Robinson, "is just the beginning of a real cordless revolution." ☐

Henry Fersko-Weiss

> ***"The consumer will see a cordless phone that has the size and appearance of a regular corded phone — it's the next step in design."***
>
> **John Ehrisman**
> Cobra



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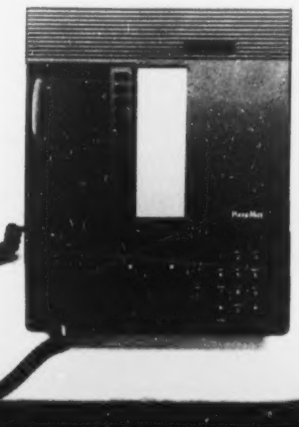

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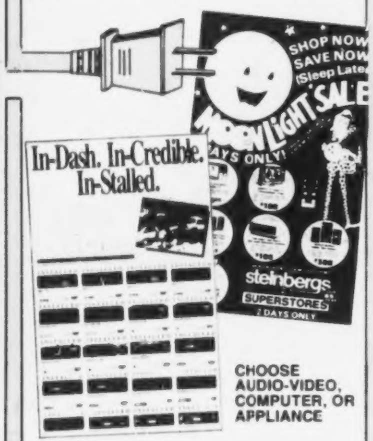

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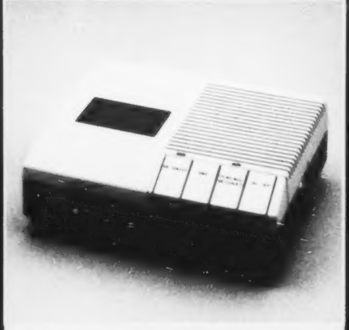

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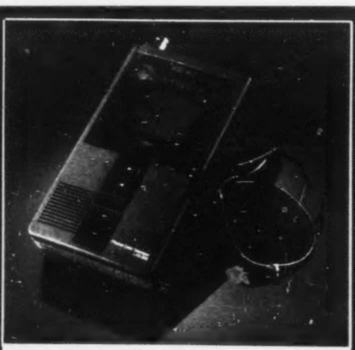

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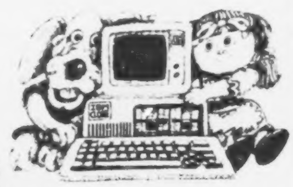

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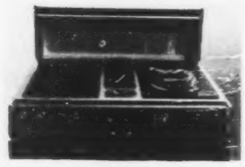

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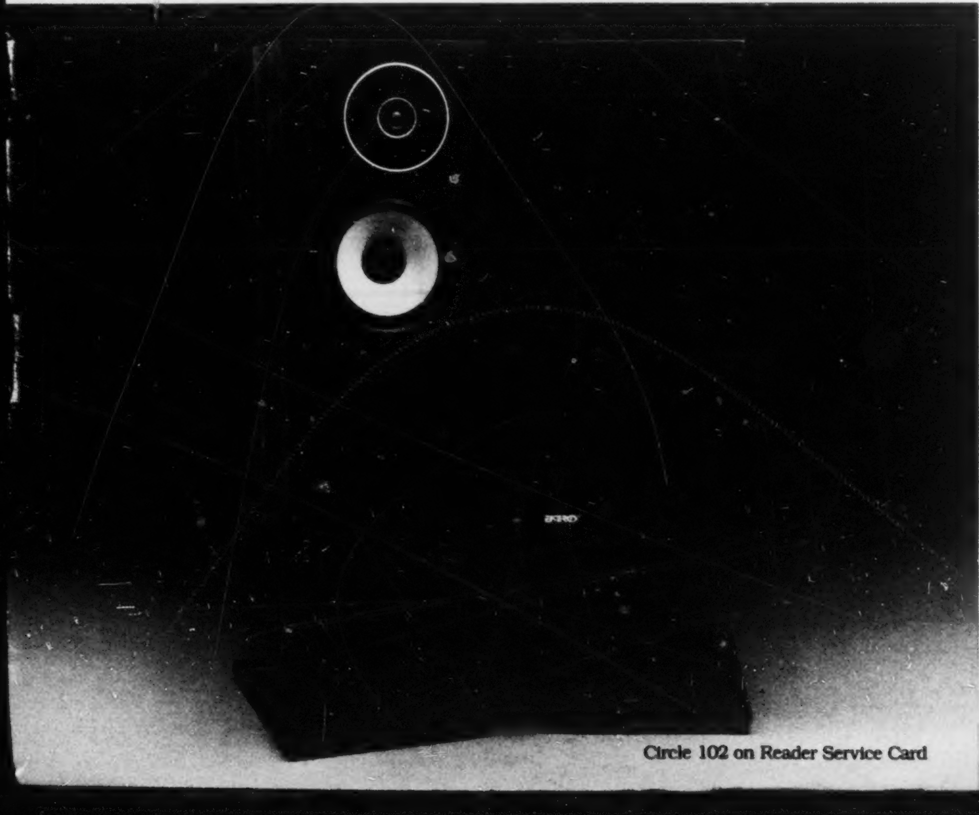

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In search of the under $10 compact disc

There's no question about it, software prices must come down to invigorate CD hardware sales. But is there a quick fix in the wings?

The problem: Despite the fact that compact disc players have dropped from $1,000 to less than $200 in an amazingly short period of time, discs still cost $15 apiece on the average. This has been a major turn-off for buyers of low-priced hardware. "Why, for the cost of 13 or so discs," they reason, "I could go out and buy another machine."

There are a number of possible solutions, but industry experts agree that any one of them will take time. Perhaps by this time next year, though, the average price of a compact disc will be a few dollars less. And by this time the year after that, discs may even hit the magic $10 price point — coming close to the price of a vinyl record or prerecorded cassette.

Lately, there has been a good deal of talk about high-speed duplication of CDs, but suppliers of both hardware and software say such methods are strictly experimental at this point in time. There is hope, however. A number of new CD plants will open this year, and although they will utilize current duplicating technology, industrywide production will receive a much-needed shot in the arm. As for pricing, the hope is a quick deflation.

A number of vendors attended the meeting of the Audio Engineering Society in November, and reached the conclusion that numerous companies are working on ways to make CDs faster, but none are ready to come on-line yet. "I've seen what they're showing and I've heard what they're saying," says Denon sales and marketing vice president Robert Heiblim. "The bottom line is it doesn't work yet."

The chief problem is that the dynamic range of CDs that are duplicated at a high speed is not as wide as that of discs being manufactured now. And one of CD's most basic selling points is its clearly demonstrable clean sound. Dynamic range contributes mightily to that, and suppliers are worried that a drop could result in a disillusioned public.

But there's good news. With the opening of some 10 or 11 new CD manufacturing plants this year, the production capacity of almost every supplier can increase geometrically, which could mean lower prices even without high-speed duplication.

"The annual worldwide capacity could be as high as 300 million discs this year," speculates Isaac Levy, home audio marketing vice president for Sanyo. "There's no reason to believe there'll be a shortage in 1987 like there was in 1986. The price of CD software is a function of supply and demand. Once there's more supply, the demand will even out and the price will come down. The price could come down below $10 this year, and some titles could be as low as $7.95."

One factor that has kept supply short and prices high has been the slow development of new production facilities. A new plant capable of an output of one million discs a month costs a minimum of $20 million to $30 million, and requires many months of construction and testing before going on line. Still, many facilities which broke ground in 1985 and 1986 should begin to bear fruit in 1987.

Even without a rise in manufacturing technology, new plants will mean lower pricing and better distribution, agrees Marc Finer, president of the digital audio consulting firm Communications Research.

"The same technology we have now will be cost effective with the new plants on line," Finer asserts. "There are still a number of new technologies being developed, but they're not ready yet. The plants that were started in 1985 that use the same technology we already had are ready, and that's what's going to make the difference."

Another way to lower software prices is being investigated by some software companies, and it will be augmented by the arrival of the new CD plants, suppliers say. Some vendors are experimenting with two-tier pricing for CDs — hot new titles are given the standard higher pricing that CD has enjoyed, while catalog or library titles come out at lower prices to stimulate interest. Denon's Heiblim thinks such a system is worth looking at.

"MCA has a thing called Red Line that puts out a title for a couple bucks less, and other companies have similar ideas," he reports. "It's a fact that we'll see lower pricing on CD from the factory. But will the software license holder pass the lower cost on to the retailer, and does the retailer pass it on to the public? I believe the former will happen, but I don't know about the latter. The industry is willing to drop the price when the price at the factory goes down, so at least some of the items will have a lower wholesale price. From there, I don't know."

At least one major record company — CBS — has said publically that it is "anxious" to pass on to consumers any savings that might result from additional production capacity.

Lower CD software prices could mean very good news for the hardware industry, which is seeing its sales flatten out a bit as consumers find out what it costs to keep their CD player in music.

"The consumer who's looking to spend $200 on a CD player and sees $15 software is taking a step back and thinking about it some more," claims Levy of Sanyo. "As soon as the pricing comes down, I think we'll see an increase in CD hardware sales, which aren't too shabby now."

"The low end of the hardware market hasn't held up," says Finer. "It's hard for a $150 player when there are $13 CDs and those are the less expensive ones. But increased production will force a more competitive marketplace. You're starting to see some promotions, and there are only three factories on line now. At the end of 1987, there will be 15. The competition among duplicators should be more intense, and that means the prices will be lower because the cost of production will be lower."

It's not that prices have remained unchanged since CD was invented, but to consumers the drastic fall in hardware price has been disproportionate to the amount that software prices have come down. The $500 machine they bought two years ago would now sell for $179.95, but disc prices have not dropped nearly as significantly.

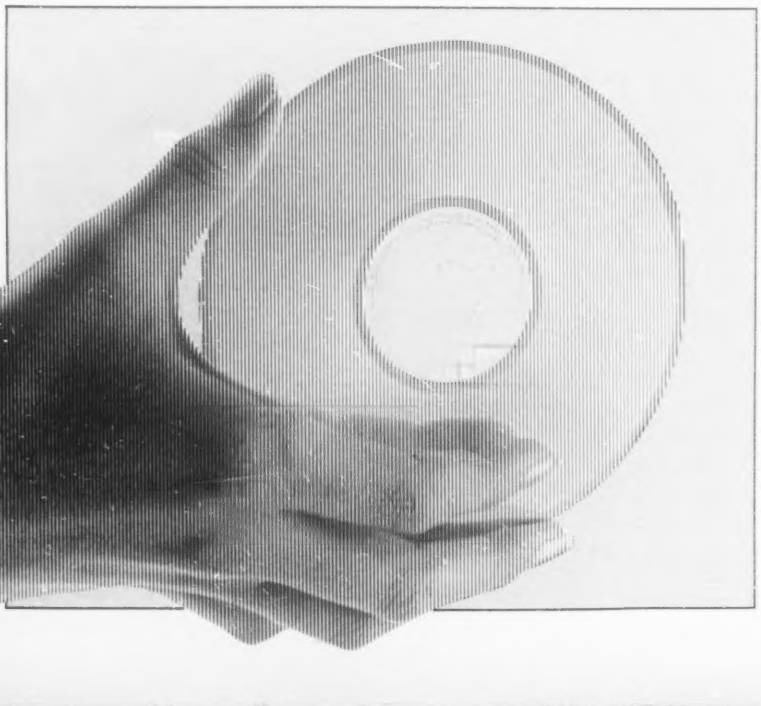
"If you go to New York or LA, the price has already come down some," Heiblim says. "And each time pricing comes down, it'll reach a wider market of consumers. The question is how smoothly the new plants come on line. But a cut in price will be a kick in the butt for CD players. In a certain sense, everything in CD is different, but in another, it's all the same. It's still the music business." ☐

George Kaplan

CD CAPACITY VS. WORLDWIDE DEMAND *(in millions)*

	Capacity	Demand
1985		
U.S.	5.5	22
Foreign*	60	35
Japan	40	15
Total	105.5	72
1986 (proj.)		
U.S.	26	46
Foreign*	126	57
Japan	65	40
Total	217	143
1987 (proj.)		
U.S.	89	90
Foreign*	150	115
Japan	75	65
Total	314	270

**Other than Japan.* *Source: CBS Records*



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SPECIAL REPORT
A RETAILERS GUIDE TO THE 1987 MARKET
THE CAMCORDER SHOWDOWN
WHO WILL WIN?
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The old star of the video industry, the VCR, is gonna be as flat as Ohio this year. But if you're looking for peaks, the real growth — 20 to 30 percent by most projections — is in camcorders. And if you buy right, sell right, and hook up with the right people, you can be sure of staking your claim.

Positioning yourself, however, is easier said than done. For one thing, there are three formats — VHS full-size, VHS-compact and 8mm — shooting it out at camcorder corral. (Betamovie, alas, is but a lone tumbleweed rolling off the horizon.) Completing the chaos are no less than 26 brand names from which to choose.

With this in mind, MART *has joined forces with the American arm of Cores Corporation, Japan's respected electronics market research firm, to bring retailers a special report on the camcorder marketplace.*

Using data collected by Cores throughout 1986, we have been able to paint a picture of camcorder sales among a carefully selected sample of retailers as well as a profile of the camcorder customer and why he buys. Hopefully, the information presented here will make future planning in this product category a little easier. (see methodology on page 21)

Let's get one fact straight: Consumer camcorders are nothing new. Sony's Betamovie was introduced in 1983, VHS-C and 8mm have both existed since mid-1984, and in '85, all three were joined in the marketplace by VHS full-size. But only a year ago, camcorders were virtually unknown to the masses.

In just over 12 months, the camcorder has become one of the most aggressively promoted products in the industry. Clearly, the maturing base of VCR users has had everything to do with creating the market. But the introduction of exciting new products, and the competition and advertising that ensued, has contributed greatly to the doubling of sales in 1986 to approximately 1.2 million units, up from 517,000 units in 1985. More important are the effects this continued competition is likely to have on 1987, for which projected sales range from 1.5 million right on up to 2 million units.

1986 started on the heels of an '85 Christmas season which saw strong sales of both full-size VHS machines and the growing 8mm technology. But it was the announcement in February of JVC's one-hour VHS-C camcorder that really got the ball rolling.

Almost immediately, Zenith announced that it would stand with JVC, its traditional OEM supplier, and sell the new unit. Other manufacturers soon moved into the VHS-C camp, most notably the giant Matsushita: this despite the fact that it had been developing 8mm technology since 1981 and had long been supplying Kodak's 8mm system.

The Matsushita move, which was surrounded by speculation in the trade press of outside pressure from JVC, was quickly followed by other manufacturers who shelved plans for marketing 8mm, among them Toshiba, Hitachi, Sharp and Mitsubishi. They in turn have since been followed into VHS-C by the American powerhouse RCA and GE and by North American Philips, represented in the format with the Magnavox and Sylvania brands.

As a backdrop to all this, a heated battle had developed between the VHS-C and 8mm camps, driven early on by a leaked JVC strategy paper which attacked 8mm and was answered, publicly, by 8mm proponents. Further, Sony, as 8mm's chief backer, responded to threats of a JVC anti-8mm ad campaign by showing mock-ups of anti-VHS-C advertising at a sales meeting in April.

Most readers know what happened next. JVC's "Don't get caught behind the 8-ball" ads appeared simultaneously with the launch of its GR-C7 camcorder at Summer CES, and Sony quickly countered with defensive, and most recently, offensive ads of its own. Since that time, both firms have launched aggressive marketing campaigns backed by ad budgets bigger than either one has ever spent before on a single product.

Despite decisions by many of the major manufacturers to back VHS-C, it was not an entirely bad year for 8mm. The 8mm user base continued to grow, with Sony alone reaching 200,000 units for sales of its Video 8 series. Major theatrical software to drive the format also became available last year when Sony and Kodak struck deals with Paramount and Embassy. And 8mm continued to pick up backing from camera makers, who now also include Nikon, Olympus, Minolta and Pentax. All of these firms are sourcing their 8mm equipment from either Matsushita or Hitachi.

So what about '87? Although the competition is fiercest between the mini-formats, most manufacturers believe VHS-full size will still grab about 50 percent of all camcorder sales this year. But there's no doubt among them that the smaller camcorders will eventually emerge the winners. And among those who carry VHS-C, that format's '87 share is expected to climb to between 35 and 40 percent, leaving only 10 to 15 percent for 8mm.

What happens in 1988 to 8mm will probably depend on how well Sony and the other 8mm manufacturers can market the format this year. Certainly, with Sony left out of all VHS VCR revenue — now more than 90 percent of the market — you can count on the company's continued media assault for 8mm. "Sony's always been known for its product development," says Jay Sato, the firm's national sales manager for Video 8. "We now want to be known as the best marketing company, too."

The underlying task this year for 8mm proponents will be to lay a groundwork for the future — a structure which will allow the major firms now supporting VHS-C to eventually fall in behind 8mm. Matsushita and Hitachi are already producing 8mm equipment for others, in part, because the technology they have spent so much time developing could easily be obsolete tomorrow. Other manufacturers, such as Toshiba, have invested huge amounts of R&D in 8mm.

When and if these major suppliers, and others with 8mm technology in their labs, will decide to market 8mm under their own brands is anybody's guess. In spite of dubious predictions by VHS-C suppliers, 8mm cannot be counted out for the future. But right now, the truth is that the biggest names in the business — except for Sony — are banking on VHS-C to lead the way for 1987. □

Rob Sabin

The fading of full-size VHS

According to sales figures reported by the Cores retail panel and the opinions of camcorder manufacturers, the full-size VHS camcorder appears to be on its way to becoming a niche product. Sales of full-size VHS, as a percentage of monthly unit sales, have dropped from nearly 76 percent in December of 1985 to 54 percent at the end of September (see chart), according to the Cores panel. At the same time, the two mini-formats have each continued to gain share, with VHS-C showing strong, rapid-fire growth since its re-introduction last June.

One reason behind the full-size format's greater share to date has been its existence (until recently) as the only camcorder compatible with the VHS VCR owned by most camcorder customers. (Even with the introduction of the GR-C7 and related products, short supply up until the end of 1986 kept the format from having its full impact.) Other factors often cited include the familiarity of consumers with VHS in general, and the greater stability said to be offered by a shoulder model. Also noted is the capacity of full-size VHS units to function as a second home VCR, and the ability of users to directly exchange home-movie tapes with family and friends. Further, the long record time allows the recording of many events on the same tape.

But compared with 8mm and VHS-C, full size units are heavier — much heavier — and that appears to be making a big difference to the average consumer. Hitachi's vice president of product management Bruce Schoenegge believes full-size VHS will eventually be geared to the semi-professional, the guy who shoots weddings, for example, who prefers a more stable unit and doesn't mind the weight. At JVC, national sales and marketing manager Steve Isaacson agrees, adding that such users will be more interested in the special effects generators that can be built into the larger camcorder.

Joe Clayton, vice president of marketing at RCA, believes there's "no question that full-size will become the premium piece," attracting the videophile customer with superior picture quality derived from wider record heads and better low light capability. "For the customer who wants the best and is willing to pay for it, we believe the full-size will carve a very important niche," he says.

Zenith also sees the full-size as eventually becoming more of a videophile product, according to vice president of marketing Bruce A. Huber. In line with that thinking, the company has just introduced the industry's first full-size camcorder with hi-fi sound. Echos Huber: "We see full-size VHS positioned more as a niche product."

Not surprisingly, the executives believe VHS-C will eventually be the choice of most first time buyers. But VHS-full size will continue to take the lion's share until production comes up to snuff. As the industrywide supply of VHS-C increases throughout this year, JVC's Isaacson expects to see a gradual shift in sales from first to fourth quarter, with VHS-C "easily" being the dominant format in the last quarter.

Still, in early December, Joseph Rosario, senior buyer for Baltimore-based Luskin's, said the chain's camcorder sales were 60 percent VHS-full size, 35 percent VHS-C and about five percent 8mm. Brad Anderson, executive vice president of Best Buy in Minneapolis, also reported that more full-size units were moving out, but noted that "C is gaining share rapidly." Said Anderson: "I think it's just a real visible format right now, and our sales staff has probably gotten warmed up to it." ☐

What about the margins?

In October, retailers on the Cores panel reported the following average profit margins for each format:

VHS - 17.9% **VHS-C - 19.1%** **8mm - 19.5%**

Who's selling what? . . .

When asked in late September/early October what percentage each format accounted for in its monthly camcorder sales, the 60 retailers on the Cores panel responded as follows:

	8mm	VHS-C	Beta	VHS
	%	%	%	%
Video Specialist	45	20	2	33
Audio/Video	26	15	—	59
TV/Appliance	13	17	2	68
Camera/Video	36	16	1	47
Department Store	14	22	—	64
Catalog/Disc	28	19	—	53

% of monthly sales by format

Cores Retail Panel

	Nov/Dec '85	April	June	July/Aug	Sept/Oct
VHS	75.9	73.7	73.9	68	54
VHS-C	0.4	1.3	2.9	12	18
8mm	22.3	24.1	20.6	19	27
Beta	1.4	0.9	2.6	1	1

Source: Cores Corporation

And the winners are. . .

As might be expected, the best selling VCR brands in the U.S. — RCA and Panasonic — are the most frequently mentioned in discussions with retailers about the best selling camcorders. JVC is also noted for VHS-C specifically.

Below is a list of best selling camcorders as ranked by the Cores retail panel in October. The first column next to each model indicates the number of Cores retailers who mentioned that unit as *one of their top three* best selling models that month. The second column is the number of retailers who mentioned that model as their best overall seller for the month.

Note that this is not a ranking of overall unit sales, but rather a ranking of which brands/models were performing best for the most members of the Cores panel. ☐

NUMBER OF DEALERS

Brand	Model	"Top 3" Seller	Best Seller	Format
Sony	CCDV8AFU	(23)	(12)	8mm
RCA	CMR300	(14)	(7)	VHS-FS
JVC	GR-C7	(11)	(8)	VHS-C
Zenith	VM6200	(10)	(3)	VHS-C
RCA	CMR200	(9)	(4)	VHS-FS
Panasonic	PV220	(6)	(1)	VHS-FS
Canon	VME1	(5)	(1)	8mm
GE	9608	(4)	(2)	VHS-FS
Panasonic	PV300	(4)	(2)	VHS-FS
Hitachi	VM5000	(4)	(1)	VHS-FS
GE	9610	(4)	(0)	VHS-FS
Panasonic	PV200	(3)	(3)	VHS-FS
Magnavox	VR8292	(3)	(2)	VHS-FS
Sony	Pak 8	(3)	(0)	8mm
Panasonic	AG155	(2)	(2)	VHS-FS
Hitachi	VM2100	(2)	(1)	VHS-FS
Magnavox	VR8290	(2)	(1)	VHS-FS
Minolta	CR1200	(2)	(0)	VHS-FS
Zenith	VM7000	(2)	(0)	VHS-FS

Methodology

The data provided in this special section was compiled by New York-based Cores Corporation, which conducts ongoing market research and consulting in consumer electronics and related industries. The bulk of the fieldwork was begun in February 1986 and continued throughout the year. Included was a consumer survey of potential camcorder purchasers, conducted during May-June; interviews with 50 retailers to determine levels of interest and involvement in camcorders, conducted in two phases during February and July; and one-on-one in-depth interviews with a small sampling of full-size VHS and 8mm camcorder owners to determine buying and usage patterns (conducted during May-June.)

In addition to the above research, data was taken from the ongoing Cores Marketing Report series, which is based on bi-monthly interviews with a set group of 60 retailers. Retailers participating on the Cores panel are from across the nation, and are chosen to provide a range that spans high, medium and low volume operations in six different retail channels. There are approximately 15 retailers in each of the regions, and 10 to 15 retailers per channel.

Finally, this report has been supplemented by recent interviews with camcorder manufacturers and retailers, conducted by Cores and MART's *editorial staff.* ☐

Camera makers take their shot

Among the notable developments of 1986 was the full-fledge commitment of camera manufacturers to electronic photography. Camera makers marketing camcorders now include Minolta, Pentax, Canon, Olympus, Nikon and Kodak. All are supporting the 8mm format: Minolta, Pentax and Olympus also market full-size VHS.

This endorsement of camcorders in general is not surprising, given the stagnant nature of the 35mm camera market and what appears to be its limited growth potential (despite the introduction of a new breed of autofocus cameras). These firms see the camcorder as a logical and appropriate camera-video crossover product for its regular dealer base.

Not surprisingly, it is these very camera dealers who most actively promote 8mm, and tend to do a good deal of their business in that format.

For example, in October, the average camera dealer on the Cores panel was doing 36 percent of his total camcorder sales in 8mm, surpassed only by video hardware specialists, who sold 45 percent of their camcorders in that format (see chart on page 21). Earlier in the year, during the summer months of July and August, the same stores did 51 percent and 43 percent of their total unit sales in 8mm, more than twice the percentage of any other retail channel.

Camera retailers find that these brands have high acceptance among their customers, but it's a little soon to tell whether traditional home electronics dealers can have the same degree of success with 8mm. Retailers say, however, that there are benefits to be had over regular electronics brands, assuming you can move the product. For example, some camera makers are currently offering more attractive product guarantees than the electronics manufacturers.

Also, profit margins may be easier to protect with camera brands since, as one retailer put it, "the distribution is a little cleaner," meaning that the product is not in every window on the street.

On the other hand, some electronics dealers have found that the camera brands just can't be had cheap enough. "The programs just aren't right for me," said one retailer. "They end up costing too much." □

The supply picture

In mid-December, Brad Anderson, executive vice president of the Best Buy chain in Minneapolis, told MART that supply of product had been adequate for full-size and 8mm, but supply on VHS-C, of which he stocks both Zenith and JVC, had not improved much since the introduction of the product. "I think it's about holding, which is not very good," he said, adding that in many cases product he gets is sold before it arrives. Other Best Buy camcorder brands are Aiwa, Sony, Panasonic, Quasar and RCA.

At around the same time, Peter Lewis of Long Island, New York-based Newmark & Lewis said VHS-C supply "seems very, very tight, but it's gotten better in the last week or two." With regard to full-size, he said, "If you plan ahead you won't have any problem." Among the camcorder brands carried by the chain are Minolta, Sony, Canon, Magnavox, Sylvania, RCA and Hitachi.

Baltimore-based Luskin's senior buyer Joseph Rosario said in mid-December that he had "no problem getting what I want" in any format, though "it's getting a little slow right now." Rosario stocks product from RCA, Sony, JVC and Panasonic.

The line-up at camera specialist Kadaire's in Baton Rouge, Louisiana includes camcorders from Panasonic, Minolta, Olympus, Mitsubishi, Kyocera, Canon and others in its three stores. In mid-December, Howard Kadaire reported that availability was good in all three formats.

JVC's national sales and marketing manager Steve Isaacson admits that his firm has had problems keeping up with demand for its camcorders. "Let's say that we've been running several month and sometimes many month shortages, where the amount of firm orders we received exceeded what our inventory level was by two, three, sometimes four times," he told MART in October. "It's not been a happy situation because it's emerging — we'd like to maximize sales, and we don't get paid on orders that don't ship. But overall, I think we've made the consumer very aware of our product, and we've certainly made the retailer aware."

Availability for VHS-C is expected to increase throughout the year as the effects of more manufacturers and increased CCD and MOS chip production begin to be felt. □

The camcorder customer

Last June, Cores conducted a mail survey of camcorder/video camera purchasers and potential purchasers. Valid responses were submitted by 107 camcorder households, 102 video camera households and 127 households with an intent to purchase a camera or camcorder. Those who had already purchased a camcorder or camera had done so between January 1985 and February 1986. It's important to note that awareness of VHS-C was particularly low among the group at the time the survey was conducted, as well as during the purchase period.

Purchasers

- The Cores data showed that the great majority of camcorder/camera purchasers (88 percent) are family households. Families with children accounted for 63 percent.
- Overall annual household income for the group was considerably higher than the national average. The mean annual income among purchasing households was $43,000, while the national average is $29,000.
- The ownership of other related home electronics products was prevalent among purchasers. 100 percent owned a color TV; 90 percent (among camcorder owners only) had a VCR; and 52 percent of the total group had a hi-fi component stereo system. Interestingly, the ownership of 35mm single lens reflex cameras for the whole group, some 69 percent, was considerably higher than the 28 percent national average.

Would-be purchasers

- Would purchasers had essentially the same profile as purchasers but were more likely to be married (86 percent), and had lower mean annual household income ($36,000) — possibly a reflection of greater availability and better pricing for the category in general at the time of the June survey. VCR ownership for this group was lower at 77 percent, while 35mm SLR camera ownership came in at 55 percent.

Format and Price

- Among the 102 camcorder purchasers, 55 percent purchased full-size VHS, 23 percent bought 8mm, 10 percent bought VHS-C (20 min. version) and 12 percent purchased Betamovie.
- Purchase price among camcorder owners ranged from about $1,000 to more than $1,500. The average mean purchase price was $1,281.

Why they buy

- When asked about the "most important" reason behind their purchase, 68 percent of camcorder buyers responded "To record family and children;" 8 percent said "travel;" and 11 percent noted other reasons including sports events, parties, an interest in the product or home movie-making and business.
- Among single and married respondents, response differed considerably, with 75 percent of married buyers stating that recording family and children was most important; 6 percent saying travel and 9 percent noting other reasons. Single respondents bought for a wider variety of reasons: 24 percent for travel; 20 percent to record family and children; and 28 percent for other reasons.
- When asked the most important reason to purchase a video camera or camcorder, 57 percent of would be purchasers said "to record children/family; 11 percent said travel; 15 percent noted other reasons.

What they look for

- When asked about the product characteristics that influenced their purchase decision, camera/camcorder purchasers mentioned picture and audio qualities most often as being "most/very important." In order, the were followed by light sensitivity, brand reputation, ease of operation, price, weight, size, ease of carrying and product features.
- Among would be purchasers, video quality was also the most frequently cited as having greatest importance. However, price was the second most frequently mentioned consideration, followed by ease of operation, sound quality, brand reputation, light sensitivity, product features, ease of carrying, format compatibility and size.
- In terms of specific product features, the feature most frequently mentioned among purchasers as very important was autofocus (73 percent), followed by powerzoom (63 percent), playback capability (48 percent), electronic viewfinder (43 percent) and auto white balance (42 percent).
- Rated most important by would-be purchasers was auto focus (65 percent), playback (47 percent), power zoom (43 percent) electronics viewfinder (24 percent) and auto white balance (22 percent). %

The OEM connection

Below is a current listing of key camcorder suppliers, and the manufacturers/brands under which their product is being marketed.

VHS-Full Size

MANUFACTURER	BRANDS
Matsushita	Panasonic GE Quasar Sylvania Magnavox Philco NEC Olympus
Hitachi	Hitachi RCA Minolta Mitsubishi Pentax
Goldstar	Goldstar
Sharp	Sharp
Not Available	Toshiba Sears Zenith Curtis Mathes Chinon Teknika J.C. Penney

VHS-C

MANUFACTURER	BRANDS
JVC	JVC Zenith Toshiba** Sharp Mitsubishi
Matsushita	Panasonic Quasar Sylvania Magnavox Olympus GE Nikon
Hitachi	Hitachi RCA
Minolta*	Minolta

***Planned to begin manufacturing in late 1986.*

**Tape mechanism purchased from JVC*

8mm

MANUFACTURER	BRANDS
Matsushita	Elmo GE Nikon Kodak Olympus
Canon	Canon
Aiwa	Aiwa
Goldstar	Goldstar
NEC	NEC
Sanyo	Sanyo
Hitachi	Minolta Pentax
Sony	Sony Pioneer Kyocera

Camcorders: To play or not to play

Snapshot video. It's a term used by camcorder manufacturers to decribe a concept, one that addresses the mass market, and ultimately, big numbers. It's also the raison d'etre for Sony's point-and-shoot, record-only 8mm Handycam, and the motivating force behind JVC's soon-to-be released record-only VHS-C model, the GR-C9.

The approach, as implemented by JVC and Sony, differs slightly, but ultimately the goal is the same: to create a product that is small enough, cheap enough and simple enough to reach a broad base of non-technical consumers.

According to Jay Sato, national sales manager for Video 8 at Sony, the Handycam was designed without a playback function to make it both unintimidating and easy to carry. "The Handycam, being very simple and at a low price point [under $1,000], really appeals to those people who are into travel, an action-oriented kind of customer," he says. Such a consumer just wants to be able to whip the camera up and shoot, and isn't bothered by the inability to play back in the field. "It's the same reason a lot of people aren't frustrated using a 35mm camera. They shoot their vacation, and they go home and develop it."

By the same token, Sato notes that the recently introduced record/play Handycam, model CCD-V3 ($1,500 list), was designed to fill the gap existing between the original Handycam and Sony's more sophisticated autofocus unit, the CCD-V8AFU. The target here, of course, is the in-between customer, maybe the person who wants to check his last shot, or play back the day's footage in his hotel room when he's traveling.

Meanwhile, at JVC, national sales and marketing manager Steve Isaacson sees the GR-C9 as a use-at-home device — it's record-only configuration is secondary to the fact that it'll cost under $1,000.

"It's a product for Mom to shoot Jimmy's first footsteps in the house, and when Dad comes home at night he pops it into their home VCR and watches it," he explains. "The concept is to get it to the blue-collar guy, the guy who wants to capture the moments and memories, and quite frankly, just couldn't justify an over $1,000 purchase to do that."

Despite the fact that Sony and JVC appear to be playing copycat, both firms point to their marketing motives. But the bottom line is that both are heading into 1987 armed with at least one unit designed to reach the average Joe. Next question: For all their enthusiasm, is Joe ready to pay just under a thousand bucks for a camcorder? ☐

On the floor. . .

Okay, so you're stocking camcorders. But how the heck do you sell the things? If you're just starting to feel your way around this new category, here are a few tips for moving the product.

- Display it and demo it — Most manufacturers and retailers agree that display is important. Specifically: Try to get them out in the open, mounted on a tripod or chained to a special display. And for God sakes, hook 'em up to monitors so customers can try them out and compare picture quality. "They're always demo'd live," says Brad Anderson, executive vice president at retailer Best Buy. "I think putting it in a case would dramatically affect sales."

One of the problems encountered in sales is the perceived complexity of the product. But, as Hitachi's vice president of product management Bruce Schoenegge points out, demonstration goes a long way toward allaying fears. "If the retailer sets everything to auto, he can really just tell the customer 'Look, all you've got to do is turn on the power and throw in a tape.'"

- Qualify the customer — There's bound to be plenty of confusion on the floor caused by the existence of three formats. The message repeated over and over by successful retailers and manufacturers is the same — qualify, qualify, qualify. Ask the customer if he's got a VCR and what format it is; ask as many questions as it takes to find out what the machine will be used for and what product characteristics are most important to him. "You go back to Salesmanship 101," says Zenith vice president of marketing Bruce A. Huber. "You ask the questions, then you let the product sell itself."

On the matter of pricing, the question often encountered is: "Couldn't these things go down real soon?" One retailer instructs his staff to say yes. "You'd be crazy not to," he notes.

Once you've made the sale, don't forget the accessories. (You'll find a list of camcorder accessories compiled by RCA on page 27.)

- Advertising — Manufacturers encourage explanatory ads to describe a complex product that's new to the market. Retailers, of course, have other concerns and price pressures to worry about, and often opt for the box/price option. But Best Buy's Anderson has recently gone to larger pictures for his camcorder ads, and a little more copy. "We did a focus group," explains Anderson, "and one guy said, 'I look at this thing and I can't tell what it is, much less why it's worth $1,200.'" ☐

Video add-ons: Study reveals big bang for the buck

Everbody knows that video accessories reap high profits, but little has been made public about just what's selling, and who's selling it.

Hungry for this data, the RCA Distributor and Special Products Division embarked on a retailer survey in 1986 to help focus its marketing efforts.

Among the findings of the study, conducted by Audits & Surveys for RCA: Some $985 million was spent by consumers on video accessories in 1986, corresponding to approximately $8.4 billion in retail hardware sales. Retail accessories sales were up 18 percent, from $835 million in 1985.

It should be noted that at the factory level, the EIA reports sales of video accessories in 1986 at $500 million. Taken alongside the RCA survey data, these figures show industry-wide *profits* for 1986 to be in the area of $485 million.

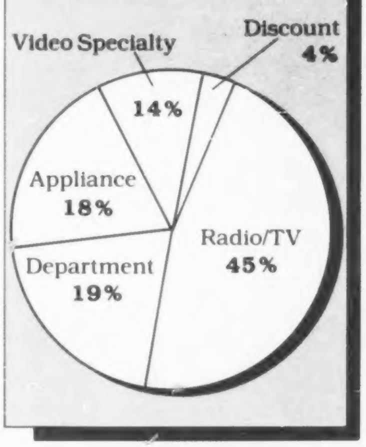
The retailers surveyed also indicated that for every $1,000 they sold in VCR hardware within a one year period, they sold $200 worth of accessories. In the camcorder/camera area, every $1,000 in sales over the same time frame accounted for $125 to $150 in accessories sales, including tripods, lenses, batteries, maintenance and hook-up equipment and the like. However, RCA notes that the study, conducted mid-year 1986, did not reflect the sudden growth in the camcorder market that occurred in the latter half of the year. Today, that figure is likely to be higher than $150.

The study also pinpointed which kinds of products capture the most dollar volume, and which outlets are doing the best job of moving the product out. It was discovered that 65 percent of video accessories revenues are for VCR maintenance and hook-up products (cleaners, covers, cables, adapters etc.), accounting for as many retail dollars as camera cases, tripods and batteries combined.

The star retailers, by a significant margin, were the radio/TV stores. These shops, whose primary business are sales of video and audio electronics, currently capture a 45 percent share of dollar volume from VCR-related accessories and 46 percent from camera-related accessories. □

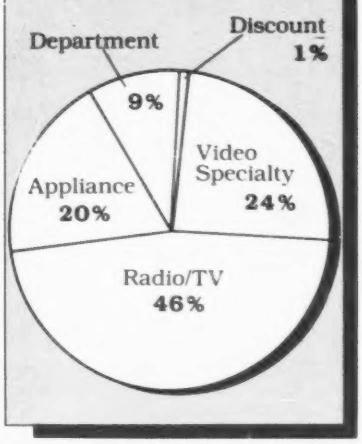
VCR-RELATED ACCESSORIES

SHARE OF DOLLAR VOLUME BY STORE TYPE



VIDEO CAMERA-RELATED ACCESSORIES

SHARE OF DOLLAR VOLUME BY STORE TYPE

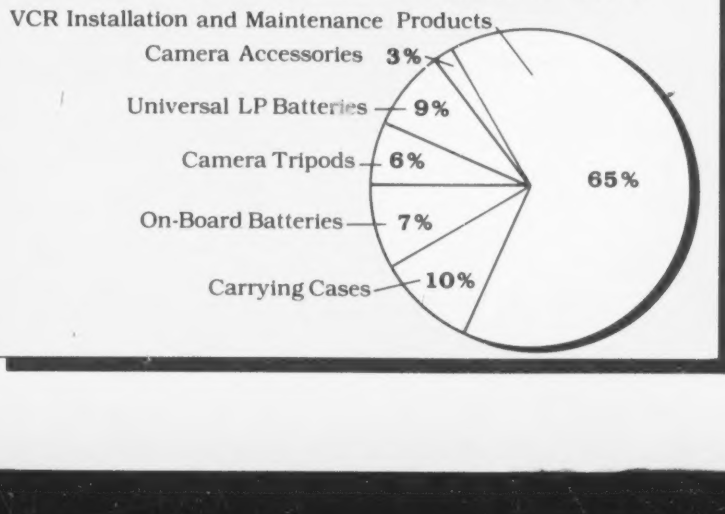


SO YOU WANNA SELL ACCESSORIES? . . .

According to RCA, the following accessories are potential add-ons with any camcorder sale. Prices are suggested retail based on existing products in the RCA line.

PRODUCT	**PRICE**
Hard carrying case	$149.95
2-Hour rechargable battery	74.95
Wide angle lens	119.95
Telephoto lens extender	109.95
Remote pause control	9.95
Video/audio adapter *(required for TV playback)*	15.95
Tripod	119.95
Light	89.95
Wireless microphone	134.95
Character generator	249.95
Video head cleaner	14.95
TOTAL:	$1,090.45

SHARE OF TOTAL $ SALES BY PRODUCT TYPE



PRODUCT BY PRODUCT ANALYSIS

SHARE OF DOLLAR VOLUME - BY STORE TYPE

VIDEO CARRYING CASES		**CAMERA TRIPODS**	
Radio/TV	**45%**	Radio/TV	**39%**
Video Specialty	**27%**	Video Specialty	**25%**
Appliance	**19%**	Appliance	**21%**
Department	**6%**	Department	**13%**
Discount	**3%**	Discount	**2%**

UNIVERSAL LONG PLAY BATTERIES		**ON-BOARD BATTERIES**	
Radio/TV	**51%**	Radio/TV	**46%**
Video Specialty	**21%**	Video Specialty	**24%**
Appliance	**20%**	Appliance	**23%**
Department	**7%**	Department	**7%**
Discount	**1%**	Discount	**1%**

Store types are defined as follows:

- Radio/TV: Primary business is sales of radio, TV, video and audio tape recorders, and hi-fi stereo components.
- Video Specialty: Primary business is rental and sale of prerecorded videotapes and sale of blank videotapes.
- Appliance: Primary business is sales of electric and gas household appliances.
- Department: 25 or more employees, with departments for furniture, apparel, and household linens and dry goods. (Example: Sears, Wards.)
- Discount: Same as department store, but by definition or claim sells at lower prices. (Example: K-mart)

Source: All data provided by RCA, except as otherwise noted.

Editorial Evaluation
Please circle the appropriate number on the Retailer Service Card.
Is the subject of this article of value to you? YES—180 NO—181

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MART

BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS
GORDON PUBLICATIONS — 25th ANNIVERSARY YEAR
MARCH 1987

APPLIANCES '87: Dealers' Choice

ACCESSORIES

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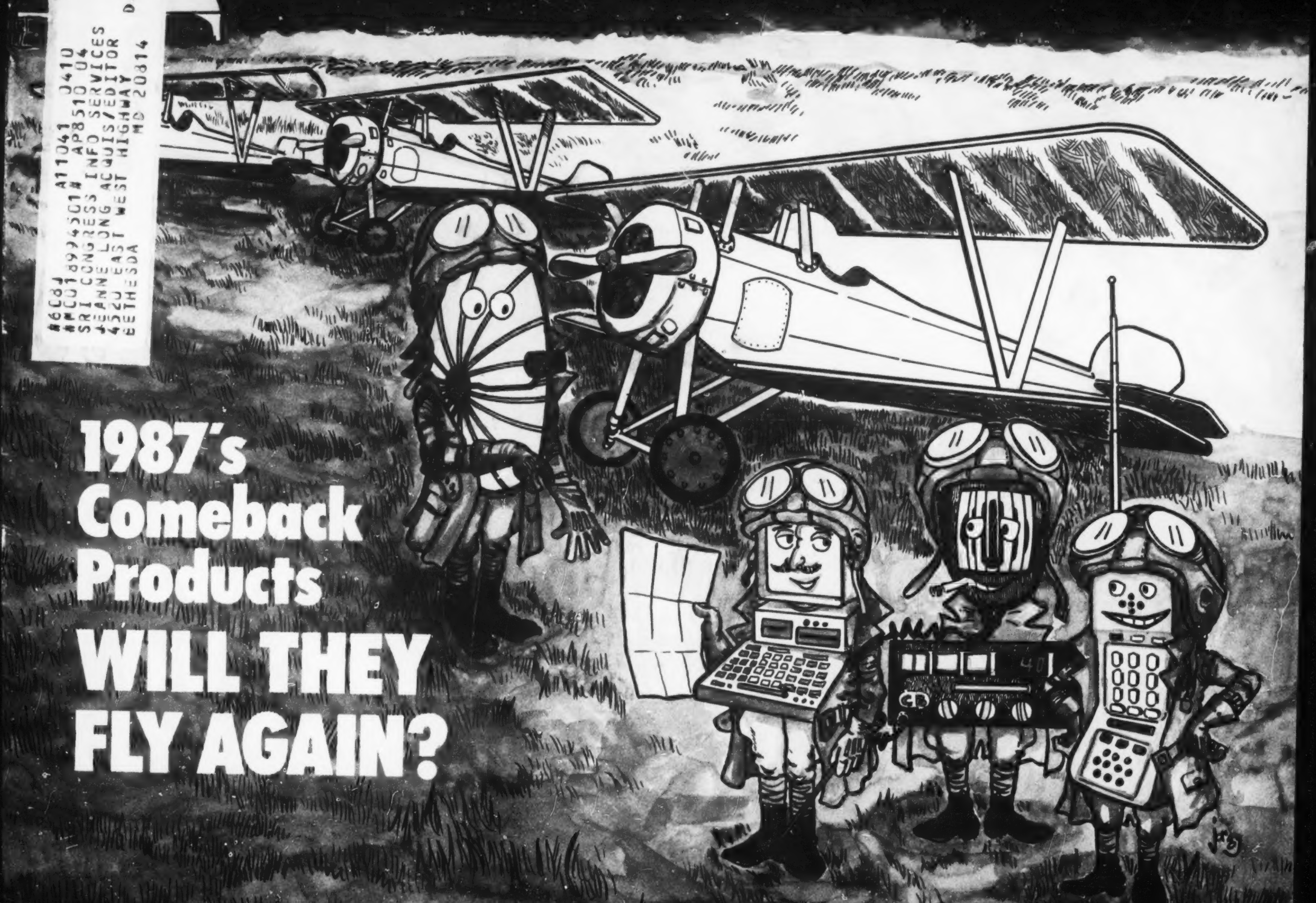
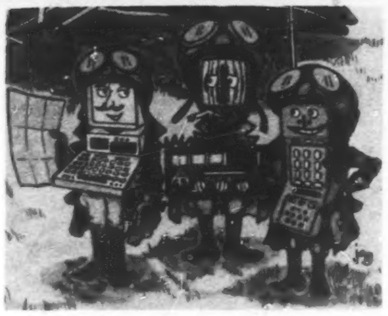


1987's Comeback Products WILL THEY FLY AGAIN?

MART

Business Ideas for Today's Retailers and Distributors

COVER STORY



7
1987's comeback products: Will they fly again?

Home computers, satellite TVs, cordless phones and CB radios — the most notorious boom and bust categories of the decade — are worming their way back into the hearts of the American consumerate.

Just A Minute! 6

THE HOME OFFICE

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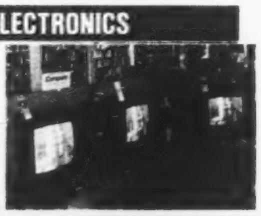
To fax or not to fax?

This month in HomeWorker, Henry Fersko-Weiss sheds new light on the market for personal facsimile devices.

HOME ELECTRONICS



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Playing wait and see with facsimile

Facsimile, particularly in combination with a telephone, is supposed to be the next winner in the home office — and it may well be, but it won't happen tomorrow and maybe never in astounding numbers.

Does that mean you should wait on the sideline to see what happens? Well maybe yes, and maybe no. Sound a bit ambiguous? There's good reason. In spite of the fact that facsimile is a 140-year-old technology, it's still relatively new to the business world and certainly a rarity in the home office environment.

According to a recent study by Personal Technology Research, a Boston-based market research firm, there are between 500,000 and 550,000 facsimile devices in use today. That includes every variety — from fax-phones to fax networks in large corporations. By contrast, the installed base for personal copiers is twice that size. As for faxes in homes, there's only about 10,000, according to Personal Technology.

The point is, you won't get rich selling personal fax machines. But, if you want to be perceived as a one-stop home office retailer, with expertise in *all* the technology, then carrying one or two skus might be a good idea. Large retailers led by Sears are already doing it, while others like Best Products and Highland Appliance are playing a game of wait and see.

Canon introduced its Faxphone last June, and began shipping in the summer. Nobody wanted to give Canon the same head start it got with its personal copier, so at least a half a dozen other manufacturers rushed to bring personal faxes or fax-phones to market. Of course, nobody brings out a products and tells us it's not going to sell.

Facsimile suppliers usually say something like this when asked about the market "If we didn't think it was going to do well we wouldn't bring one out." When statements like these start flying around I always find myself looking to see if the safety net is up.

Let's take a quick look at some numbers and see how researchers view the market's potential. According to Personal Technology, 180,000 facsimile machines will be sold in 1987. "Maybe 10 to 15 percent of that could be to the home office marketplace," guesses Casey Dworkin, general manager.

Dataquest, of San Jose, California is more optimistic, predicting that some 35,000 units in the under $2,000 price range could wind up in home offices this year, and as many as 120,000 by 1990. So, the personal fax market looks pretty skimpy for the next several years.

I think there are two reasons for the limited market: price and market penetration. Canon's Faxphone has a suggested retail price tag of $1,995. Forthcoming products from Toshiba (April), Northwestern Bell (April) and Sharp (July) also are slated to sell in the $2,000 range.

Plunking down $2,000 is not a casual purchase, particularly for a home office or small business. Even the manufacturers, when pushed, admit that prices must drop considerably before the market can break out of a narrow niche.

What is an acceptable price for personal fax devices? Dan Ferrazza, field sales manager for Silver-Reed America, Inc. believes just under $1,000 would do the trick in the near term: "At retail, we have to deliver it for that amount and to retailers in the $600 to $700 range for the home office market to take off," he says. In the long term, most manufacturers and retailers agree that $500 is the "magic" price point.

Ferrazza's comment is particularly interesting because Silver-Reed claims it has a fax/copier it could sell for $995. But the company's Japanese fathers want a quantity commitment to hit that price and Silver-Reed America apparently isn't ready to stick its neck out — just yet. The machine may, however, come to market under the Northwestern Bell label.

The unnamed fax/copier was exhibited at Northwestern Bell's booth during Winter CES, and an OEM deal is being hammered out as we go to press. If it comes to pass, retail pricing could be in the $1,100 to $1,200 range, according to Mark Gurvey, facsimile product manager at Northwestern Bell.

Market penetration is a hurdle for personal fax because facsimile isn't a standalone technology, like copiers, typewriters and so on. You need one on both the sending and receiving ends. Therefore its usefulness is dependent on how many other people out there have a fax machine. This is the same problem that slowed growth in the electronic mail business.

So, how fast the market grows will depend on how fast the price drops and how fast the public goes for the technology. The long term potential is further clouded by a newer technology that allows computers to act like fax machines. Already there are add-on boards for personal computers costing under $1,000 that allow documents to be faxed.

There are personal computer scanning devices too — ranging from $200 to more than $10,000 — that allow users to send images electronically to other computers. Known as "virtual" facsimile, such devices are expected to zoom into popularity. According to a recent study by International Resource Development Inc. of Norwalk, Connecticut, by 1991 the installed base of virtual fax will be 62.5 percent larger than the installed base for standard fax machines. Yet today, the regular fax installed base is 18 times larger.

The bottom line is that nobody really knows how good a market personal fax will be. The safest approach may be to stock one manufacturer and one to two skus to test the waters. As Eugene Mondry of Highland Appliance puts it: "Sometimes it's important to let people know you sell something, even if you don't sell a lot of it — it's a way to establish your reputation. Then again, you often don't know how good you'll do until you try. It's similar to the approach we took with VCRs when they were selling for $2,000, and look how they're doing now." ☐

by Henry Fersko-Weiss

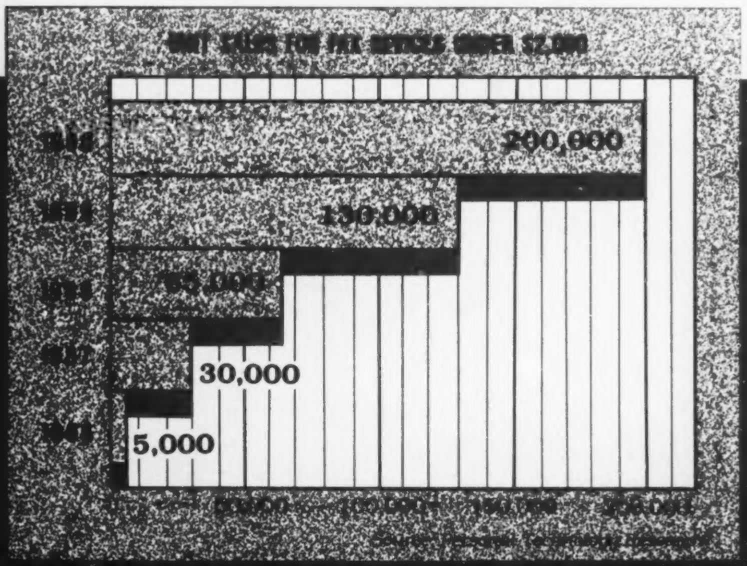
(Henry Fersko-Weiss regularly covers the home office market. A former editor for Personal Computing magazine, he is a regular contributor to U.S. News & World Report and MART's sister publication Computer Dealer.)

Faxing on the run

One of the more intriguing new personal fax machines is the Travelfax, from Northwestern Bell Phones. List priced at $1,395, the Travelfax weighs less than eight pounds, and comes with an AC adaptor/battery charger and hard carrying case.

By using an acoustic coupler, users can fax documents from virtually anywhere — a pay telephone, a hotel room, even a cellular mobile phone. One charge of the battery pack takes two-and-a-half hours and allows the user to send or receive up to 15 pages. The Travelfax is G2 compatible, but it will also communicate with G3 machines that are G2 compatible.

For use with cellular phones, an optional car battery adapter that plugs into the cigarette lighter is available. ☐



Note: These figures, especially in the later years, cover fax devices costing under $2,000, including those other than personal fax machines.

Editorial Evaluation
Please circle the appropriate number on the Retailer Service Card. Is the subject of this column of interest to you?

YES—214 *NO—215*

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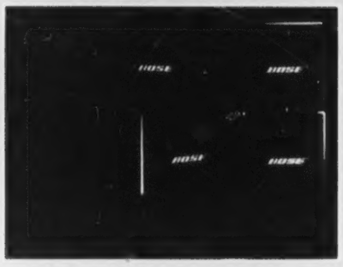
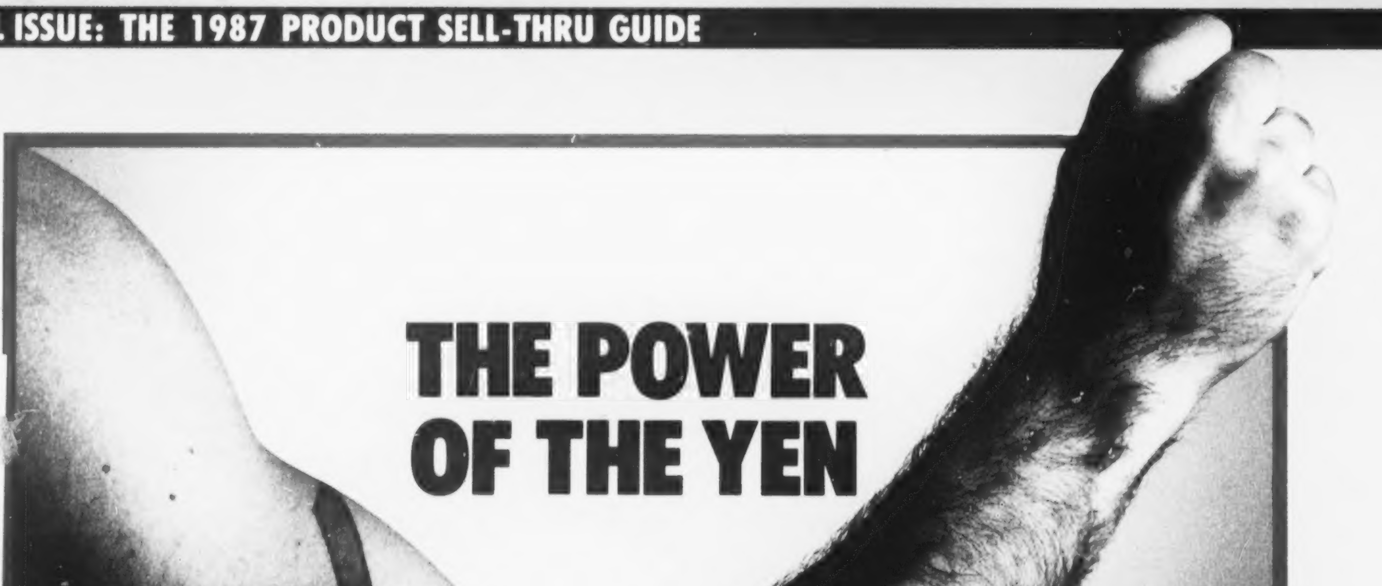


SPECIAL ISSUE: THE 1987 PRODUCT SELL-THRU GUIDE



THE POWER OF THE YEN

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Business Ideas for Today's Retailers and Distributors

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The power of the yen

After more than a year of change, the yen/dollar ratio appears to be stabilizing. Suzy Fucini found out how the weak dollar is really affecting suppliers and retailers today — and how it might do so in the future.

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MART's 1987 SELL-THRU GUIDE

Here they are — more than 50 exciting new products from 14 home electronics and major appliance categories, complete with selling tips. Browse through this catalog of potential money makers, then rip out the pages as a reminder for your floor personnel.

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On changing tradition

Traditional typewriters are under attack by the low-cost PC clone and a couple of dedicated word processors. Henry Fersko-Weiss takes a look at the options.

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GE launches consumer guarantee

General Electric has just begun offering consumers a 90-day money back guarantee on all its major appliances. Will other manufacturers follow?

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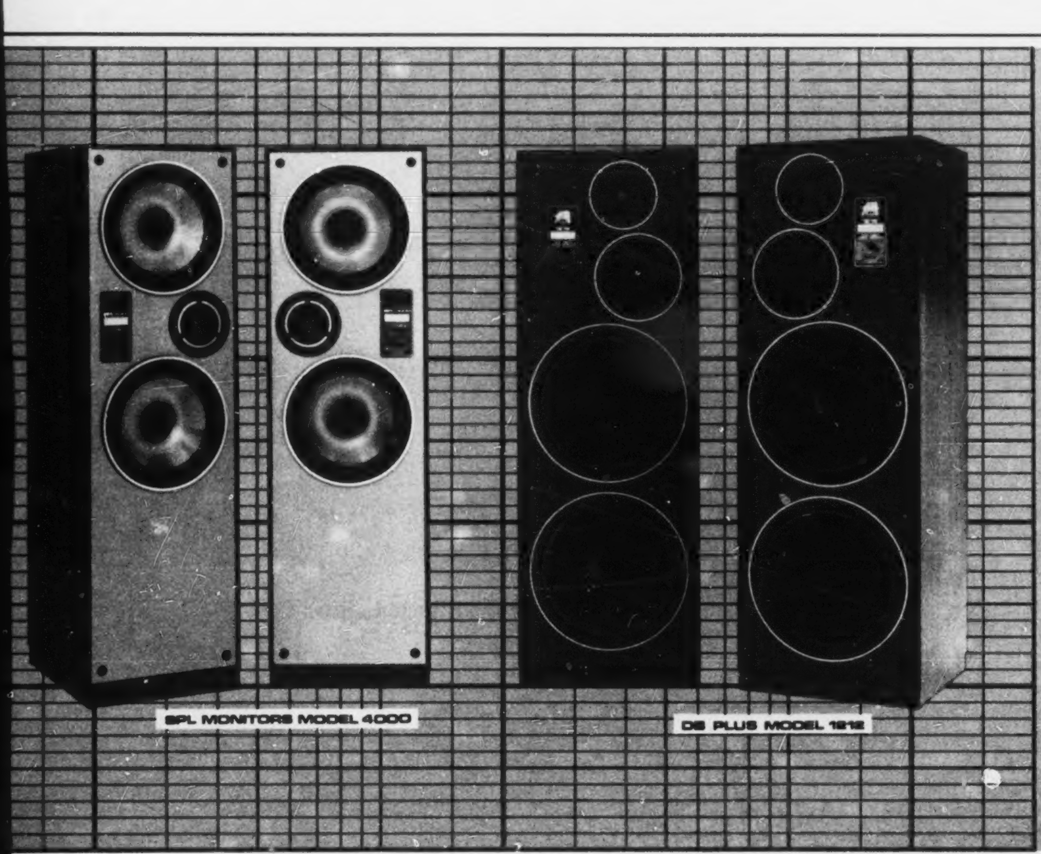

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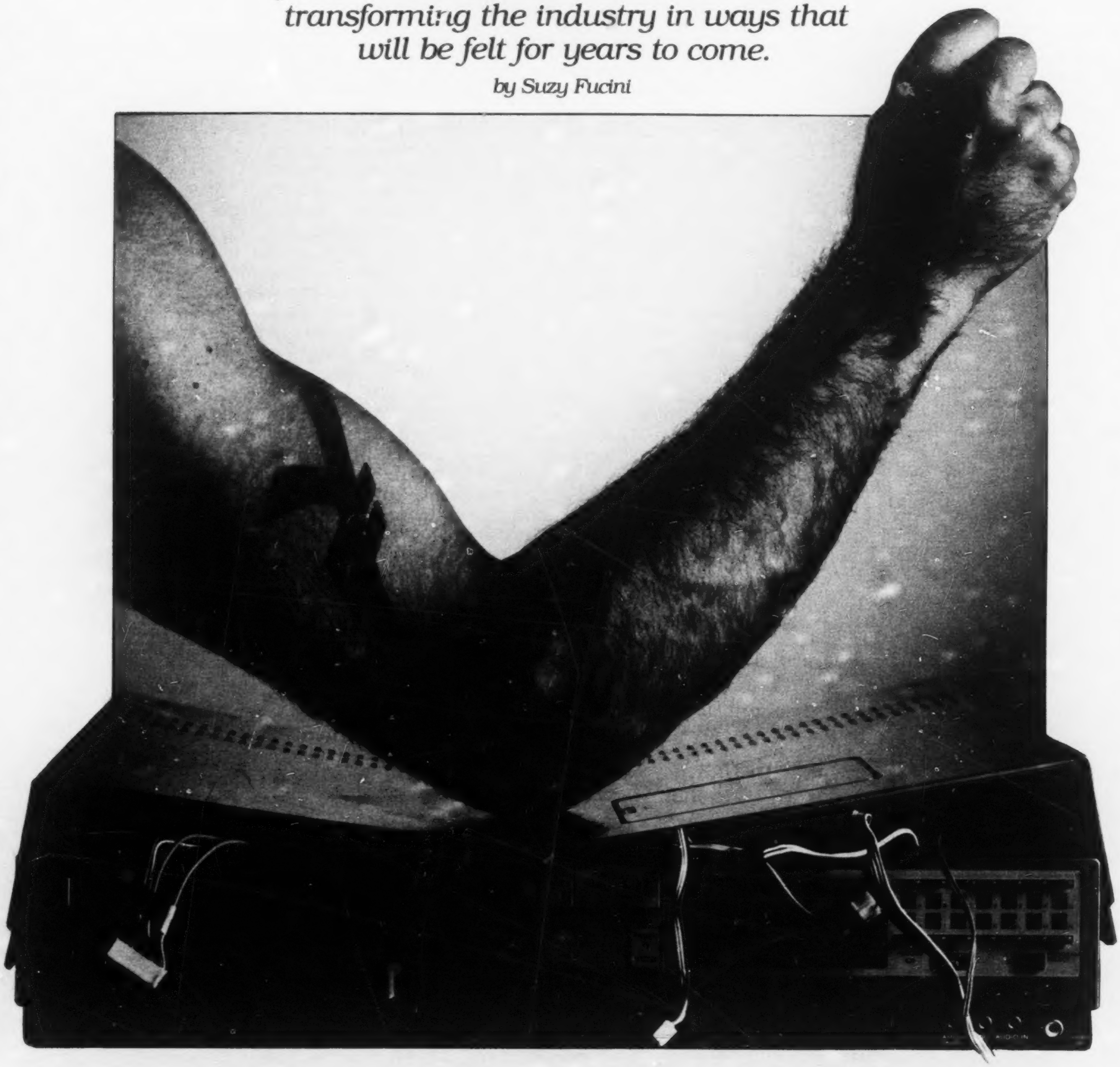
The Power of The Yen

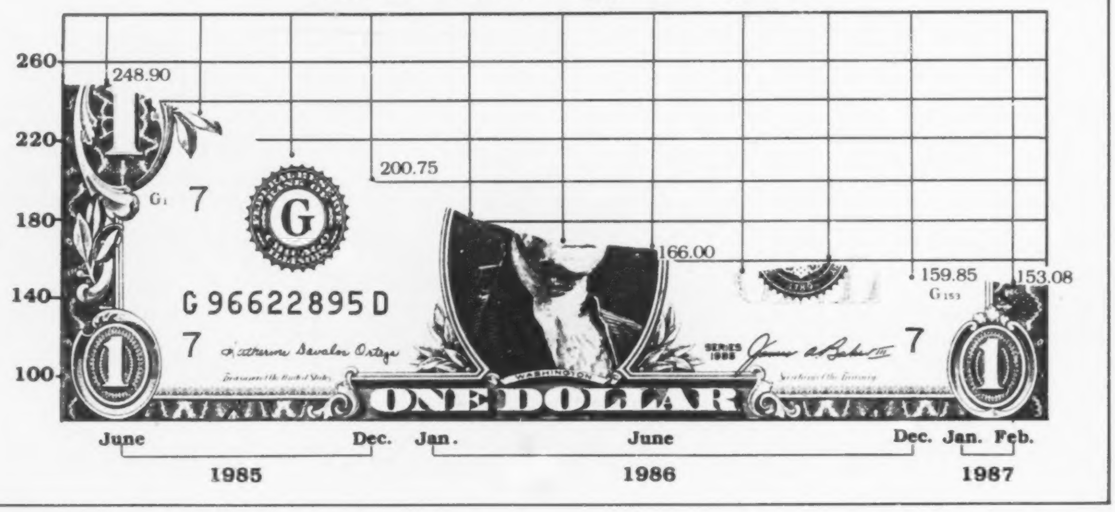
Since the yen began climbing more than a year ago, little effect has been felt at retail. But behind the scenes, it is transforming the industry in ways that will be felt for years to come.

by Suzy Fucini



DECLINE OF U.S. DOLLAR AGAINST JAPANESE YEN

SOURCE: Wall Street Journal. *Figures are end-of-month.*



When six nations signed a currency-stabilization agreement in Paris on February 22 this year, the Japanese business community breathed a sigh of relief. This, they believed, would finally put a halt to what has become known as the "monster yen."

Since June 1985, when a U.S. dollar was worth 250 yen, Japanese currency has rampaged out of control, its value appreciating 40 percent relative to U.S. currency. As the yen muscled its way upward to the 150-per-dollar mark, it left a trail of misery in its wake. Many Japanese export manufacturers, suffering huge currency exchange losses, have curtailed production, or moved operations to facilities in Southeast Asia and other parts of the world where labor costs are cheaper. This has sent Japan's unemployment rate climbing to an unheard-of three percent.

Thus far, however, the cutbacks and relocations have failed to ease the profit squeeze caused by the yen's rise. According to some analysts, major Japanese exporters of goods such as automobiles and electronics will see their profits plunge by an average of more than 60 percent for the fiscal year ending March 31.

In the weeks since the Paris accord, the currency exchange rate appears to have stabilized in the 150 to 153 yen/dollar range. But whether this is a true sign that the dollar has bottomed out, or just a brief respite in the eye of the storm, many executives at both Japanese and U.S. electronics firms agree that irreparable damage has been done to the industry.

"It's like losing your leg in a war," summed up Mark Friedman, senior vice president of sales and marketing at Onkyo. "The leg is gone, but at least now your can apply a tourniquet and try to stop the bleeding. If the yen had kept rising, some companies would have bled to death."

That the consumer electronics industry is "bleeding" is no secret to anyone. A look at the balance sheets of some major players reveals a frightening picture. Although sales records were set last year across the board in units sold, lack of profitability plagued the industry like a disease, with many leading manufacturers suffering net losses. Zenith reported a loss of $10 million in 1986, although its sales rose 16.5 percent to $1.9 billion. The GE/RCA brands together accounted for a 25 percent market share in VCRs and TVs, but they too finished in the red. North American Philips' consumer electronics business lost $12.7 million in 1985, and will show a loss again this year. Sony's U.S. sales were up 20 percent, however, according to manager of corporate communications Koh Shimizu, the company's worldwide net profits declined by more than 40 percent.

Citing statistics such as these, outgoing executive vice president of Hitachi Sales Corp. Bob O'Neil, in a farewell speech to the industry, warned electronics executives that the current situation is "a disaster waiting to happen."

Clearly, the yen is not the only — nor the biggest — factor in this profitability crisis. Worldwide, production capacity of consumer electronics goods has outstripped demand, resulting in an oversupply of product that's placing extreme downward pressure on prices. At GE/RCA, spokesman Frank McCann attributed his company's 1986 loss to "the difficult business conditions that we and everybody else had last year due to the high level of competition." Other manufacturers put it more bluntly. Said Zenith spokesman John Taylor, "The Koreans and Taiwanese are the biggest culprits — for pulling prices down for the entire industry, and for their concentrated dumping efforts in this country."

Still, with Japanese-made goods dominating the market to such a large degree, the yen's effect on an already squeezed industry is potentially devastating. According to government import figures, Japan shipped $10.3 billion in consumer electronics to the U.S. in 1986. That's no small drop in the bucket for a business whose total (foreign and domestic) factory-to-dealer shipments are in the $30 billion range.

Observers note that companies on shaky ground with sales may soon be dealt the final death blow by currency exchange losses. Said one high-ranking industry member, "Some firms will definitely go under, merge or be taken over. Akai may be one, and the financial difficulties of Sansui are also very well known. If a company is relatively stable in market position, it (the strong yen) is a terrible thing for them, but I think they can survive. If a company has poor business combined with the yen, they probably won't make it."

The crunch is occurring, of course, because Japanese manufacturers, fearful of losing market share, have been reluctant to raise prices. They have opted instead to absorb currency exchange losses, compensating as much as possible by trimming production costs. So far, price increases in most product categories have been so slight — or non-existent — that some distributors and retailers are barely aware of the dramatic upheaval that has occurred in the yen-dollar relationship (see sidebar).

"Japanese manufacturers don't want the public to get the impression that their goods are higher priced," said David Seifert, senior vice president at B.A. Parge, a Nashville distributor. "We haven't seen any price changes since the CES show, and even there, there weren't as many changes as I expected. The major effect we've felt is a general tightening up of inventories from Japanese manufacturers."

Cutting back production of low-end goods, where margins are slimmest, is one technique being used by Japanese manufacturers to restore profitability. Where price increases have occurred, they have come mainly in the audio category, where competition is less intense than in, say, the glutted VCR market. Toshiba tried a three percent increase on VCRs a year ago, but rescinded it when U.S. wholesalers rebelled. "We cannot afford to raise prices in categories where competition is too difficult," admitted Shimizu of Sony, noting that his company's biggest increases have come in the Walkman line, which has gone up about 20 percent at retail.

The main focus of suppliers continues to be not in the area of pricing, but in cost-cutting, both on the assembly line and off. Companies are scrambling to find more efficient ways of producing goods, and trimming fat out of their operations by reducing budgets in areas such as advertising and travel. Shimizu reported that Sony has made a "major breakthrough" in the Walkman manufacturing process, allowing fewer components and substantial savings. At Onkyo's Japanese facility, said Friedman, belt-tightening has been carried to such an extreme that "it is now mandatory to turn off the lights and air conditioning during lunch hour. And after five o'clock, the air conditioning gets shut off, regardless of who has to work overtime."

The ultimate form of cost-cutting — and one that many analysts believe holds the long-term solution to the problem of the strong yen — is to move production offshore to nations where labor and other overhead expenses are cheaper. Japan's push abroad is accelerating rapidly. According to Japan's Ministry of Finance, total Japanese direct investment overseas (in all industries) soared to $14.5 billion in 1986, more than double the $6.5 billion in 1985. Significantly, last year marked the first time in 11 years that Japanese electronics production showed a decline, dipping by 0.2 percent to $112.5 billion. What we are witnessing, some say, is the beginning of the de-industrialization of Japan.

The list of Japanese electronics manufacturers announcing plans to build or expand production facilities in Southeast Asia, Europe and the U.S. reads like an industry Who's Who — TDK, Sanyo, Pioneer, Toshiba, NEC, Sony, Clarion, Matsushita, Sharp, Hitachi. A number of companies have gone so far as to discontinue all exports from Japan in certain product categories. Sanyo and Matsushita, for example, are no longer selling Japanese-produced color TVs overseas.

"We're making just about 100 percent of our portable TVs in the U.S.," said Ralph Wolfe, senior vice president of sales and marketing at Panasonic. "And we've moving a lot of portable audio production to Singapore, Malaysia and Taiwan. But there are some

> ***"It's like losing your leg in a war. The leg is gone, but at least now you can apply a tourniquet and try to stop the bleeding."***
>
> **Mark Friedman**
> Onkyo

> ***"We have not raised our prices at all, whereas some of our Japanese competitors have. As a result, we have gathered and held a considerable amount of new distribution this year."***
>
> **Irwin Zucker**
> Sherwood

things that you just can't move out of Japan — high-fidelity equipment, for instance. In this category, there is a tremendous need for particularly high-quality production, and the facilities are there in Japan."

As the yen has risen, some Japanese manufacturers have established specific goals for boosting overseas output by a given percentage. Matsushita, which currently makes 14 percent of its products outside Japan, plans to increase this to 25 percent. Sony's current offshore production is running about 20 percent, but this figure will jump to 35 percent "within a few years," according to Shimizu. In both cases, the U.S. will be a beneficiary. Matsushita is building two manufacturing plants here, each valued at $20 million — a Vancouver, Washington color TV facility and an Atlanta car-audio facility. Sony plans to expand production at its San Diego color TV plant from 850,000 units to one million units annually, and at its Terre Haute, Indiana compact disc factory from 2.5 million to 4 million units a month.

Japanese firms, however, aren't the only ones eyeballing the economies of manufacturing in the U.S. GE/RCA recently severed its supplier-agreement with Matsushita for color TVs, after refusing to accept the Japanese company's yen-related price hikes. The company has now announced that it will move production of the sets to its Bloomington, Indiana RCA plant. Whether the currency revaluation will result in other U.S. manufacturers resuming domestic production, no one is speculating. But one thing is clear: Japanese electronics makers will be building more goods here in the years to come — even if the yen-dollar relationship has, in fact, stabilized.

"The Paris pact gives Japanese companies more reason to invest in the U.S.," said Ayako Weissman, an analyst at Smith Barney, Harris Upham & Co. "There's less of a currency risk for them to come over here and spend money, since the dollar is less likely to weaken."

As Japanese manufacturers seek ways to recover their currency losses, they must also worry about losing market share to competitors in nations like Korea and Malaysia, where production costs have remained low. Many industry members believe that the Koreans, whose currency — the won — is pegged to the dollar and has not fluc-

Retailers divided on impact of strong yen

How seriously has the yen-dollar situation affected the industry at retail? Have dealers encountered significant price increases or had any difficulty obtaining Japanese-made goods? If so, which product categories are posing the greatest problems, and what countermeasures are being taken?

MART put these questions to executives at retail chains of different sizes across the U.S. Here is a sampling of their responses:

- **Luskin's,** *Baltimore, MD, 54 stores*

Buyer Mike Hamerling noted that while there have been some price increases of "less than 10 percent" in the audio end, "the main problem is that low-end merchandise isn't available like it used to be." Around last November is when the supply of low-end receivers, tape decks and turntables began drying up, reported Hamerling, and since then, Luskin's has been "scrambling around, looking for alternatives." One new supplier being used by the chain is the Korean-produced Sherwood, which, he said, "gives us more value per dollar."

Company president Jack Luskin added that several months ago he was warned by Japanese VCR sources that price hikes were about to go into effect and that he'd better "lay in a lot of merchanidise." However, Luskin said, "The exact opposite happened — VCR prices went down. Besides, we don't operate under scare tactics here — we operate in a very disciplined environment."

- **Federated Group,** *Commerce City, CA, 70 stores*

Vice president of purchasing Marty Jacobs has seen "just about everybody" try to raise prices in recent months, but in almost all cases these increases "haven't hung together like they (suppliers) wanted them to." Most of the price hikes have been rescinded, with a few exceptions (notably, portable radios). But, overall, Federated isn't feeling much impact from the dollar's decline. Summed up Jacobs: "Sales are slow and manufacturers have to move merchandise, regardless of what the yen is."

- **Newmark & Lewis,** *Hicksville, NY, 44 stores*

While asserting that lack of profitability is a serious industry problem, president Dick Lewis said that the yen is not yet a factor in this dilemma at the retail level. "Regardless of what you think the (rising) yen should be doing, it keeps working to the reverse — prices keep coming down." The reason for this, and for the profitability crunch in general, said Lewis, is that manufacturers are too eager to convert their glut of inventory into cash at any cost. "They have ignominiously decided that any source of distribution is okay . . . and woe be you, if you want to sell at a profit."

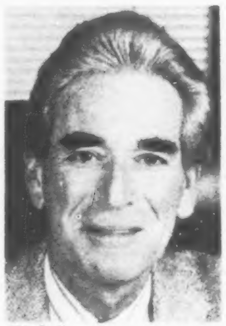
Nevertheless, Newmark & Lewis enjoyed the most profitable year in its history in 1986, according to Lewis. A proponent of increasing margins by "selling up" the consumer, he attributed his successful year, in part, to his company's practices of "continually training our people to move off advertised price leaders, and developing floorplans to present the customer with the most full-feature products."

- **Westchester TV, Video, Audio,** *Bakersfield, CA, 2 stores*

Independent dealer Bill Tanner reported that over the past 90 days, Sony, his principal audio supplier, increased prices about 10 percent on selected products, namely receivers and tape players. Tanner who responded by raising his retail prices accordingly, said that there has been no consumer resistance "up to this point."

But what's causing the California dealer greater concern is a form of belt-tightening currently being engaged in by several profit-starved manufacturers. "They're cutting back on co-op dollars," he lamented, "and this is putting a real squeeze on retailers. Something's going to have to give pretty soon, or they're going to find that the numbers being sold nationwide are going to decline."

Alan Lenzmeir


Dick Lewis

Jack Luskin

- **Best Buy,** *Minneapolis, MN, 24 stores*

According to Allan Lenzmeir, the chain's senior vice president and chief financial officer, prices on Japanese audio equipment purchased by his company in the under-$200 range have risen 15-20 percent, while goods in the over-$200 category have increased 5-10 percent. Furthermore, since January, product under $200 has been much harder to come by.

"From what we've gathered, manufacture of low-end merchandise is getting moved offshore to places like Singapore, where the facilities aren't equipped for the volume, and this is why certain items are scarcer." The situation, however, has not yet caused any revamping of Best Buy's buying and merchandising strategies. "We're not terribly concerned, because we feel that from the consumer's standpoint, there's still room to move up (in price) without any adverse effect on buying."

- **Tops Appliance City,** *Edison, NJ, 2 stores*

Carrying an extremely wide assortment of product brands — "You name it," declared merchandise and video manager Andy Sliwoski — this two-store heavy hitter apparently hasn't felt any hardships as a result of the strong yen. "Prices are still going down on many items, and I'm very well stocked at the low end," Sliwoski reported. Nor does the merchandise manager anticipate any problems down the road. "We didn't see any increases the last time they were complaining about this problem (the rising yen). There wasn't much of an effect at the retail level, because the distributors absorbed most of the increases."

- A buying executive at a midwestern appliance/electronics chain, who requested anonymity, described the current price-availability climate as "very uncertain," with rapid price changes occurring in both the audio and video ends. "About six months ago prices were going up across the board, but now video is coming back down because of the market glut. We're also seeing some lack of availability in turntables and receivers from Japanese companies."

As a result, he said, his company is "switching suppliers faster than before." "It's become a matter of day-to-day buying — seeing what's available and at what price. We're buying short now, and I think everybody else is too. No one wants to lock into a supplier, because the situation's changing from moment to moment." □

tuated upward with the yen, will emerge the real winners (see chart). "There's no question that this tremendous up-valuation of the yen has worked to the advantage of the Koreans," said Allan Schlosser, vice president of communications for EIA's Consumer Electronics Group.

At Sherwood of Cerritos, California, which is owned by the Korean-based Inkel Corp. and whose products are all manufactured in Korea, director of marketing Irwin Zucker acknowledged that his company has reaped benefits. "We have not raised our prices at all, whereas some of our Japanese competitors have. As a result, we have gathered and held a considerable amount of new distribution this year." But the yen's rise is double-edged, Zucker added. "We depend a lot on Japan for raw materials and component parts, and we've seen some prices go up and lead times move out."

In the long run, the impact of the yen's rise may not stop with individual companies and nations, but could have ramifications on the future of the entire electronics industry. If the current belt-tightening mentality continues, for example, what will happen to research and development in an industry that depends on technological advances to create locomotive products like VCRs and CD players?

Wolfe of Panasonic, for one, isn't too concerned. "All of the major companies will maintain R&D, because they know that to cut that out would be to cut off the future," he stated.

Friedman of Onkyo isn't worried, either. "Most of the research that's needed to fuel the industry for the next 15 or 20 years has been done already. The next important thing is the digitalization of electronics — everything in both audio and video will be digital. And all that research is already in place."

Friedman, along with several other industry members, believes that some good might eventually come out of the yen situation, as the squeeze forces manufacturers to re-evaluate their profit and pricing policies. "It seems to me that, in general, Japanese companies tend to alternate between cycles of market share and cycles of profitability. Right now, we're moving into a cycle of profitability, and for once everyone's moving into it at the same time because of this yen thing.

"What will happen is that prices will rise, but dealers shouldn't be concerned," Friedman continued. "My feeling is that we aren't going to lose one bit of sales. All that will happen is that the dealer will sell at a higher price, his net profit will be higher, and in the long run, the whole thing could be very helpful." ☐

Editorial Feedback
Please circle the appropriate number on the Retailer Service Card. To this date, have you been affected in your retail operation by the strong yen?

YES—270 *NO—271*

Poised for profit . . .

Below are the top overseas suppliers of consumer electronics to the U.S. market for 1985 and 1986. Japan clearly dominates the list, but the countries lined up behind it are those which stand to gain the most from the strong yen.

1985	
Japan	$9.4 billion
Korea	1.2 billion
Taiwan	1.0 billion
Mexico	846 million
Singapore	505 million
Hong Kong	500 million
Canada	239 million
Malaysia	127 million
W. Germany	106 million
Brazil	99 million

1986	
Japan	$10.3 billion
Korea	1.5 billion
Taiwan	1.1 billion
Mexico	901 million
Hong Kong	561 million
Singapore	438 million
Canada	237 million
W. Germany	187 million
Malaysia	146 million
Brazil	138 million

Source: EIA/U.S. Govt. Import Data

They Pulled The Plug...

On IBM, WANG, DATA GENERAL, SPERRY, DIGITAL, BURROUGHS, NCR and many more!

Why would companies like:
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Brick Church, Orange, NJ
Sprintz Furniture Showrooms, Nashville, TN
American Appliance, Philadelphia, PA
MVP Sporting Goods, Boston, MA
Wehmueller Jewelers, St. Louis, MO
Industrial Photo, Silver Spring, MD
and several more pull the plug on the best known brands of computers?

Their hardware worked, but after spending as much as $500,000 and 10 years trying to develop software, or spending hundreds of thousands of dollars on someone else's software to control their business, they pulled the plug! ... and turned to **Tyler ... the Business Solution!**

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action, and also includes one-touch soak and extra rinse options. The LE2500 dryer moves a hefty 200 cubic feet of air per minute to dry clothes quickly and effectively . . .

Maytag reported an increase in sales for 1986, up to $1.72 billion from $1.66 billion in '85. But net income was down, the firm said, to $111.2 million from $124.9 million the year before. Contributing to the bottom line were a series of hits, including a second quarter pre-tax charge of $17.8 million relating to the Magic Chef merger, a $2 million loss from discontinued operations of Toastmaster, and what the company calls "an extraordinary loss" of $5.7 million from the early extinguishment of a debt . . .

Fedders is kicking its pre-season off by giving away U.S. savings bonds. Any consumer who buys a qualifying 1987 Fedders World Class room air conditioner during April will receive a $50, $75 or $100 bond from the manufacturer, depending on the size of the model. Ten of the 34 World Class models are involved in the program, all with an EER of 9.0 or higher. The incentive is the first leg in the firm's "Reach for the Stars" promotion for the '87 lineup . . .

There's nothing like good press to help business, and majaps got a lot of it last year. According to AHAM, which tracks the number of articles written in consumer magazines and the number of calls it receives from editors of such publications, 1986 saw an increase in appliance articles of 116 percent, constituting 134 magazine pieces total. Similarly, the trade group received 94 inquiries from editors, for an increase of 71 percent over '85. Send your thank you's to Virginia Habeeb, whom AHAM holds responsible for the upswing. Habeeb is an editorial consultant in New York who works with the group to develop broadcast and print media contacts and scout new appliance story angles . . .

AHAM says consumer preference has shifted dramatically toward higher-efficiency air conditioners. The trade group notes that room air conditioners with EERs of 8.5 and over captured the largest share of total sales in 1985, with 39.2 percent (see chart). By comparison, in 1974 units with EERs under 6.5 captured the bulk of sales — 52.3 percent. In '85 those units grabbed only 18.4 percent, accounting for a 64.8 percent drop in share.

Other Maytag news: Maytag's Hardwick operation in Cleveland, Tennessee, which was consolidated into Magic Chef, will now be run from Magic Chef headquarters, also in Cleveland. J. Hoyle Rymer has been named by Maytag chairman Daniel Krumm to serve as president of the expanded Magic Chef/Hardwick entity. "Both firms manufacture similar products and this move has permitted us to consolidate many administrative functions at Magic Chef headquarters," Krumm said, adding that the Hardwick brand name and manufacturing operation will continue. Maytag also announced that Magic Chef's California production operations would be relocated to Cleveland, resulting in up to 250 additional manufacturing jobs in the area. The West Coast facility will be phased out in the second half. Finally, Maycor, the new corporate parts and service company, has just established its headquarters in Cleveland as well . . .

ROOM AIR CONDITIONER SHIPMENTS BY ENERGY EFFICIENCY (EER) CLASSIFICATION

Energy Efficiency Ratio	% of Domestic Unit Shipments			% Change in Share 1985 vs. 1974
	1974	1980	1985	
Under 6.5	52.3	36.9	18.4	– 64.8
6.5-7.4	27.8	20.6	16.0	– 42.4
7.5-8.4	9.2	31.1	26.4	+ 187.0
8.5 and over	10.7	11.4	39.2	+ 266.4
TOTAL	100.0	100.0	100.0	

'Tis a fine-looking thing with an affordable ticket that Magic Chef has created in the 55-2CLW drop-in range. This 30-inch value package features an overlapping porcelain top and color-matching oven door, not to mention (take a breath) a decorative front panel with easy-to-read control knobs, clock/one-hour timer, automatic oven timer control, variable broiler control, *and* lighted window. A continuous cleaning oven appears in the role of Mom's Best Friend, with a removable door as the Trusty Sidekick. For more info, contact Magic Chef in Cleveland, TN, 37311 . . .

Editorial Feedback
Please circle the appropriate number on the Retailer Service Card. Do you prefer more short news items to lengthier reporting?

YES—268 *NO—269*

Classified Mart

Where The Consumer Electronics/Major Appliances Industry Finds What It's Looking For

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MART

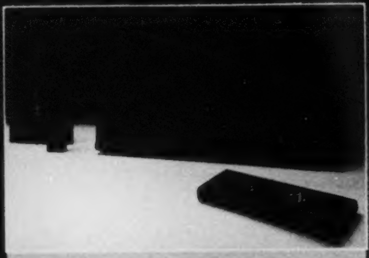
BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS
GORDON PUBLICATIONS, INC.
JUNE 1987

TELECOMMUNICATIONS

To combat the margin "hang-up" in TADs, shrewd merchants have come up with a new pitch for consumers.

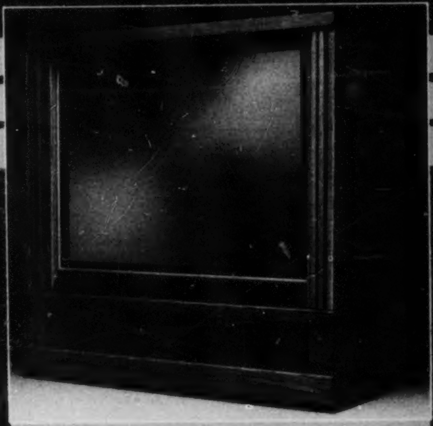
APPLIANCES

From supermarkets to video shops, microwave oven suppliers are looking up new angles on distribution.



CES NOTABLES

The cream of this summer's crop includes a CD player with video, a VCR that uses a bar code scanner and



HOME ELECTRONICS

Can you make big bucks in big screen TV? Tune into the market with an exclusive report from Cores Corp. and MART.

THE VCR MARKET TAKES A TURN

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MART
Business Ideas for Today's Retailers and Distributors

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The VCR market takes a turn

How will flattening sales of VCRs affect the marketplace? MART's Elliot King takes a look.

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New Silo set for expansion

The chain's recent acquisition by the British firm Dixons could mean even bigger things for an already huge chain.

HOME ELECTRONICS

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Electronics — Mexican style

What happens when Japanese high technology meets the Mexican wage-earner? MART found out recently on a trip South of the Border.

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CD goes video!

Is it LaserVision or is it audio? Not even the manufacturers know for sure about CD-Video, the industry's newest addition.

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Kiddietronics come of age

You may be excited by the latest generation of electronic children's toys, but its toystores only — at least for now.

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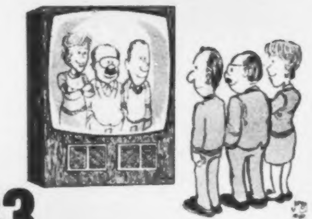

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Projection television: The 1987 market

Cores Corporation and MART team up for a comprehensive look at the big screen marketplace.

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Market physics make TAD profits fizzle

Margin erosion may be a law of science, but some dealers have devised new formulas to beat the odds.

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Microwaves radiate to housewares stores

Supermarkets, drug stores and even some audio/video specialists are now dabbling in quick-cookers.

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ABP

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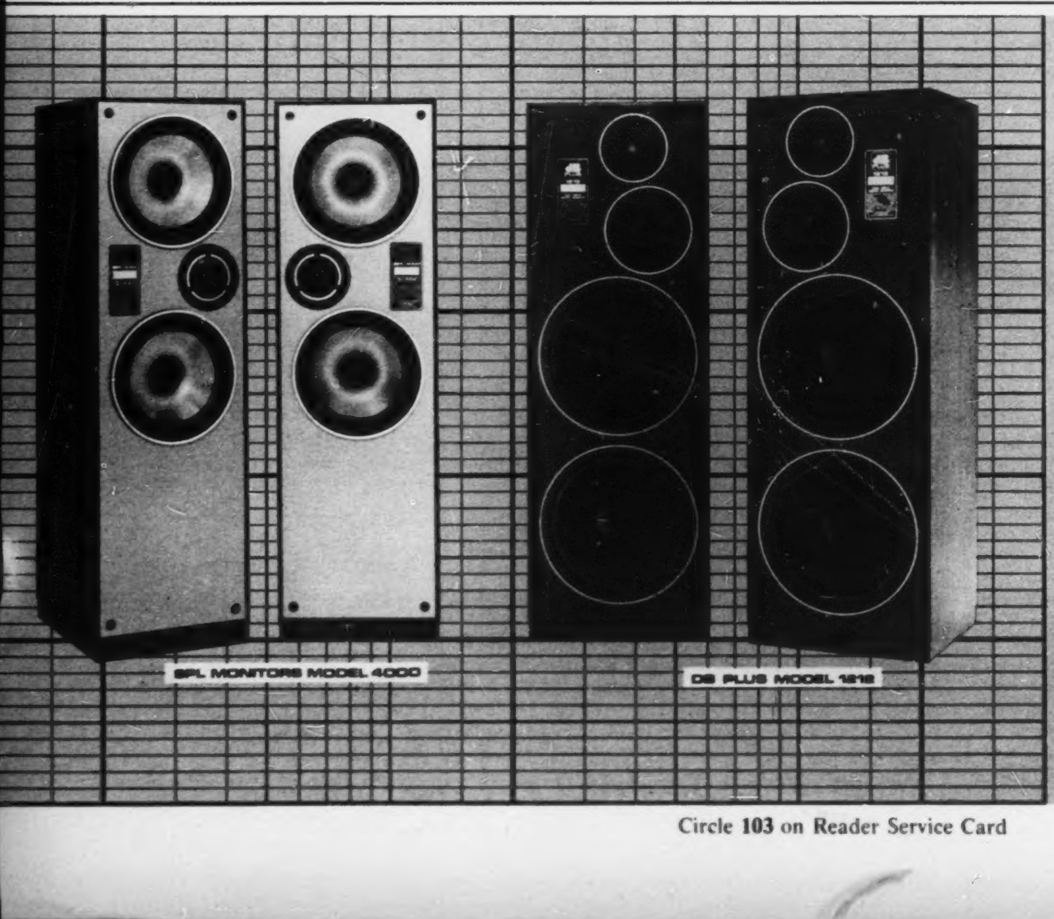

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SPECIAL REPORT

Is your accessories business in order?

TWO HUNDRED suppliers . . . One hundred and eighteen THOUSAND skus . . . Boenker/Thomas Associates sort out the accessories jungle.

You approach the information booth at CES and ask innocently, "Where do I find accessories?" Half-an-hour and reams of computer print-outs later, you are staring at a list of more than 230 accessory manufacturers. You are lost.

You face not only an unbelievably vast array of product, but troops of salespeople promising mega profits in exchange for a little shelf space and a purchase order. It makes you wonder: Is this business of accessories really worth it?

With an average retail price of $14 and margins that typically exceed 55 percent, you bet it's worth it. To use a well-worn phrase, accessories are a first-rate opportunity to boost store profit.

But, with 118,000 some odd skus from a couple hundred suppliers, selecting a line becomes an ardous task. And in case you haven't noticed, the industry has come a long way since the days of cotton swabs and alcohol and "zip" cord.

Boenker/Thomas Associates visited nearly 200 key retail stores across the country to find out how accessories are really merchandised and sold. Our mission, in part, was to find out what dealers are doing right, and what they are doing wrong. Below we summarize the findings of our survey and offer some advice that hopefully will help you shore up your add-on sales.

Our survey base was very broad — from Sears to Hillcrest Hi Fi to Trak Auto Parts to Highland Appliance to Long's Drugs. Using a standardized questionnaire, we examined product categories, brand names, pricing and volume. We began surveying in January and are continually updating the information.

For the purposes of this study, an accessory is defined as an item that is of limited function by itself, but when combined with another product — like a VCR — enhances the value, performance, capability or use of that product. We looked at the following categories: audio (record, compact disc and cassette), video (VCR, camera and TV), micro computer, telephone, storage and blank media.

Before getting into our findings, here are a couple of basics: Suggested retail prices of today's accessory lot range from less than 50 cents to more than $150. Margins on these products start at 33 percent and reach 80 percent and higher.

What we found may amaze you— it did us. While some retail operations, like Needle In A Haystack, devote almost entire stores to accessories, others stock none. One major department store, we learned, even sends its customers to a local Radio Shack for hookup cables and the like!

The age, assortment, pricing and display of products in retail stores tells an interesting, yet unfortunate tale. Many retailers do not treat accessories seriously. In some stores (9 percent), management had no idea what was in stock and how old the merchandise was, let alone where it was. A high margin widget becomes a low visibility "where's it" in far too many instances.

Retailers — particularly mass merchants and chain stores — are, indeed, having a tough time with accessories. Although many manufacturers offer displays, very few of the stores we visited actually use them. Most (47 percent) use standard wall pegboard displays, or custom-built wall racks with peg-hooks. Of the displays we saw, 34 percent were wholewall pegboard, 18 percent free-standing pegboard and 16 percent glass cases or under-counter displays.

Furthermore, we found that a substantial amount of product was displayed near the checkout counter or under lock and key in an accessories department — not in close proximity to related hardware. Another bothersome, yet common find was the "wall of accessories" where a "sea" of gadgets are presented in no logical manner.

Product packaging emerged as another problematic area. In many cases, empty, torn or dirty packages were on display. It appears that adhesive tape is the preferred method of "repackaging" returned merchandise. And in a small, but notable group of the stores we visited, price tags were elusive. Fifteen percent of those surveyed had either no price on the merchandise or placed stickers on the back of packages.

Blank magnetic media, as you might expect, turned out to be one of the most widely sold products — all stores carried at least brand. And, on the average, they stocked four brands with 10 skus. Nearly three-quarters of the mass merchants we visited carry blank floppy disks.

We stumbled across some interesting "new" add-on items. It appears that video rental stores are pioneering candy, soda and popcorn — 38 percent of those surveyed listed one or more of these items as a new category.

Storage products for audio and video were stocked by 58 percent of the stores. And, although 38 percent of all survey participants carry CD cleaners, many expressed difficulty selling the product.

If one point hit home, it is that many retailers in the accessories business can greatly improve the category's performance by paying a little more attention to it.

Although we met some dealers who were doing 10 percent of their total home electronics business in accessories, we found 5 percent to be a more reasonable objective for most retailers. It should be noted here that turns are averaging three to four per year — not too shabby, huh?

How do you make accessories a viable business?

Start by treating the category as if it were a major line worth 5 percent of your business — treat it as you would a Zenith or an RCA.

Next, choose suppliers that offer more than quality products. Look for services such as product and inventory analysis as well as advice on what's hot and what's not. Are their stocking and shipping practices in tune with your projected turns? Do they advertise or help you advertise?

Stick to two, or at most, three key manufacturers. Position one as the economy line and use it for promotional tie-ins. The second line should appeal to your upscale shoppers and present a step-up in image and price. Make sure your salespeople sell the premium line along with major hardware purchases — and never, never give these items away.

In most lines, 20 percent of the product does 80 percent of the volume and/or dollars. With this in mind, it's critically important to monitor the movement of your stock. Find out what's hot and why; then exploit it. Remember, dead stock means dead profit. Small ticket items do add up.

Accessories should be merchandised according to your store's image. If your operation touts full service, then be sure to group products so they can be easily identified and sold by your salespeople. Don't put them at the checkout counter — it's too late to be adding on at that stage of the sale.

In the end, accessories make perfect cents. It's been said before — most recognize their importance, but few successfully exploit the opportunity.☐

(Editor's note: The preceding article was prepared by Boenker/Thomas Associates and edited by MART.)

Editorial Feedback
Please circle the appropriate number on the Retailer Service Card. Do accessories account for five percent or more of your home electronics business?

YES—337 *NO—338*

ACCESSORY RETAILING AT A GLANCE

TYPE OF RETAIL OPERATION	Mass Merchant	Department Store	Computer Specialty	Electronics/Specialty	Electronics/Appliance	Catalogue Showroom	Drug & Grocery	Hardware, Auto Parts	Toy Specialty	Record, Tape & CD	Video Rental	
Retail Price	4.67	7.50	—	18.50	16.13	11.40	4.58	7.56	—	8.78	10.79	**Audio**
Number of SKUs	6.9	5.0	—	6.0	4.0	4.7	2.0	2.0	—	11.8	4.8	
Retail Price	9.70	15.34	—	17.86	11.27	11.96	12.71	5.00	9.48	12.27	21.43	**Video**
Number of SKUs	4.0	3.5	—	3.8	5.0	1.0	2.2	6.8	1.0	3.2	3.0	
Retail Price	6.49	7.49	—	7.03	3.94	5.24	3.92	3.23	2.97	—	—	**Telephone**
Number of SKUs	5.6	2.0	—	3.5	2.0	3.0	4.5	5.0	3.0	—	—	
Retail Price	7.48	12.63	11.45	19.23	9.76	5.79	4.53	4.99	10.23	11.65	12.47	**Storage**
Number of SKUs	4.3	3.3	1.5	2.3	2.5	1.0	1.5	3.0	4.0	4.5	1.0	
Retail Price	14.14	15.04	30.77	17.75	16.41	3.92	7.40	6.45	11.12	10.33	17.33	**Average***
Number of SKUs	19.9	11.8	6.0	18.4	9.5	10.3	5.7	8.0	7.0	18.4	6.1	

Source: Boenker/Thomas Associates, 1987 (Explanation: Retail prices and number of SKUs are typical figures.
**Averages are for all accessories stocked by a given retail channel.)*

HOME ELECTRONICS

Beyond home office hype

Is the home office market all that it's cracked up to be? Sharp puts things into perspective.

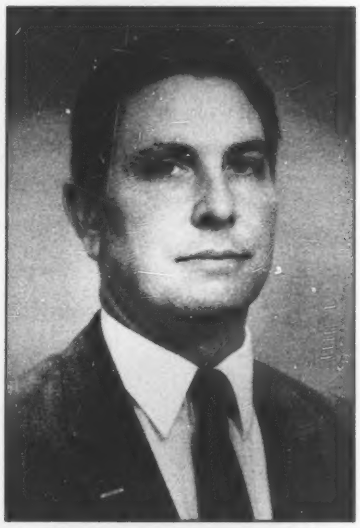
True or false: The home office product category everyone has been hyping lately is really just a new merchandising twist for a bunch of old, well-known products.

If you haven't looked too closely at the market, you may be inclined to say "true." But pose this question to John Widlicka, general manager of Sharp's Personal Office Electronics Division, and he'll respond with a decisive "false."

Beyond phones, typewriters and other traditional office products lies a new generation of products that have been carefully crafted for the small business person, Widlicka says. Personal copiers and facsimile machines offer the best examples of this metamorphosis.

"Copiers that existed in the past were much more complicated and costly," he explains. "And they were designed for medium to large businesses." Today, personal copiers from Canon, Sharp and others are far easier to use and maintain than clunky commercial machines — not to mention their lower cost.

In facsimile — a category which is quickly becoming vogue — manufacturers have devised machines with built-in phones and copiers. And Panasonic has taken the integrated fax concept a step further by adding an answering machine to its newest fax outfit. Expected to ship next month, the machine combines fax, phone, copier and answerer in one compact package. The retail price? Just shy of $2,000.



Integrated products are the wave of the future in the home office market, Widlicka believes.

Integrated products are the wave of the future in the home office market, Widlicka believes. Eventually, everything you'll need to conduct business out of your home will be contained in a single, desktop workstation, he says.

So, with products like these in mind, just who is it that retailers, distributors and manufacturers are trying to reach?

Research compiled by Sharp indicates that small companies — a significant portion of which operate out of the home — represent the single best opportunity for sales of home office products. In a marketing overview released in March, Sharp defines small companies as those with one to nine employees that do under $500,000 in annual sales.

According to U.S. government statistics, small businesses account for the vast majority of all companies. And even though they represent only 26 percent of all sales, Sharp is still placing a heavy bet on the non-storefront segment of this market.

Estimates from the Internal Revenue Service, which are considered to be very conservative due to the under reporting of income, indicate that 6 million people work at home. And that number is expected to double in the coming decade. Other studies suggest much larger numbers, including a benchmark survey conducted by New York-based Electronic Services Unlimited, a division of Link Resources.

ESU scientifically polled 850 homeworker households last year and found that between 13 and 14 million Americans do varying degrees of work at home. Home businesses, ESU reported, are operated by 7.5 million people, while corporate home workers number more than 8 million. Counted in the latter category are those who work at home during the daytime, after hours and on weekends.

The federal government also predicts huge growth in the work-at-home segment, estimating that one-third of the labor force will work from home within the next 20 years.

Consider for a moment that, on average, small businesses anticipate spending $1,818 this year on office equipment (see chart). Even using the IRS' conservative figures — that's potentially $10.9 billion in sales.

Home business people are male more often than not, middle-aged and part of a household that earns $42,800 a year, according to a survey of 2,500 home workers that Sharp cites in its marketing overview. More precisely, the split between male and female home workers is 60/40 and their median age is 46. About half of all home workers are between 35 and 54 years-old.

Most work-at-homers are married (85 percent) and, as noted above, have a median household income of $42,800. Those who have been in business five years or less report a lower income of $34,900 on average, which jumps to $48,600 for operations in business six years or more.

Nearly 40 percent of work-at-homers are college grads, with just over 16 percent of these holding only four-year degrees and 23 percent having at least some post-graduate studies. Although more than half of the work-at-homers do not have a college degree, almost 28 percent are presently attending college or have taken some courses.

PRODUCTS IN TYPICAL HOME OFFICE

- **Calculators** - 87.3%
- **Typewriters** - 82%
- **Telephones** - 72.7%
- **Office furniture** - 72.7%
- **Computers** - 29%
- **Copiers** - 28.7%
- **Printers** - 21.7%

Source: Sharp Electronics

HOMEWORKER PROFILE

- **Gender:** 60% male
- **Median age:** 46.4
- **Marital status:** 85.3% married
- **Education:** 39% college grads
- **Median household income:** $42,800
- **Purchases last year:** $2,052*
- **Purchases this year:** $1,818 (anticipated)*

Source: Sharp Electronics

*(*Average for small companies. See text for definition.)*

MARKET FACTS ON FAX & MINI COPIER

Mini-copiers
- **1985 unit sales:** 200,000*
- **1989 unit sales (proj.):** 500,000
- **1985 avg. unit price:** $1,022
- **1989 est. avg. unit price:** $500 or less

Low-range fax machines**
- **1985 unit sales:** 5,000
- **1990 unit sales (proj.):** 120,000
- **1990 est. avg. selling price:** $1,500

All fax machines**
- **1985 unit sales:** 156,800
- **1990 unit sales (proj.):** 402,800
- **1990 est. share of G3 machines:** 95%

Source Sharp Electronics

*(*190,000 of personal copiers sold in 1985 are estimated to be Canon machines. **Low-range fax machines are defined as those selling for less than $2,000.)*

Incredibly, Sharp reports that small companies spent $2,052 on office equipment during the past year and plan on spending $1,818 this year (as noted earlier).

Heading the list of equipment small business people say they expect to purchase in the coming months are personal computers, with 20.3 of those surveyed reporting such intentions. Next in line is copiers (13.7 percent), followed by word processors (13.3 percent), printers (13.3 percent), office furniture (7.7 percent), typewriters (7 percent) and telephone equipment (6.3 percent). (See accompanying chart for rundown of products most common to home offices.)

While the office products dealer is still the foundation of the home office business, other retail channels are beginning to make some headway. Luskins, Silo, Circuit City and Federated are examples of power retailers who are merchandising the category. And Lechmere, the Massachusetts-based mass merchant, is widely regarded as the premiere home office retailer. Even Montgomery Ward is dedicating space to the category in the Focus electronics stores it began rolling out this spring.

There's definitely a market for home office products. How big is it? That depends on how liberal you are. ☐

Bob Ankosko

Editorial Feedback
Please circle the appropriate number on the Retailer Service Card. Do you have a home office department?

YES—321 *NO—322*

HOMEWORKER

The printer and the pendulum

by Henry Fersko-Weiss

Computer printer sales are beginning to hit their stride in mass market channels — and I think it's the call of the home office market that is primarily responsible for this activity. But regardless of the forces at play, the very perceptible swing of the pendulum in the direction of mass market retailers looks like it's gaining momentum. The good news for retailers goes beyond increased sales, to sales that bring in bigger dollars.

Here's a statistical synopsis of the story: In 1985, according to a Dataquest study, about 14 percent of the printers purchased for home use were sold by the combined efforts of department stores, electronics stores and office equipment and supply outlets. Last year, that same group captured a 21 percent share of the market. Two big benefactors have been the department store and office supply store.

Most exciting about this new interest in printers is that buyers are paying more. This needs some explanation. While prices for printers have been dropping, customers, particularly those shopping for the home office, are willing to pay more for better quality machines. Performance, it seems, has surpassed price as a primary concern among consumers who are buying computer printers. Bob Fennell, a senior analyst at Dataquest, says more home buyers than ever before are choosing computers that cost over $500.

I believe the same "buying-up" phenomenon is happening in the printer category. The $200 to $300 price range is still the hot button for mass merchants, and customers are getting better price performance for their hard-earned dollars. But, a growing number of home office workers are drawn to higher-end dot matrix printers in the $300 to $500 price range because they can get even better and more flexible performance. Such has been the experience of retailers like Mace Electronics and Federated.

"Home office buyers are opting for larger carriage size and letter quality printing, so they are willing to spend a little more," says Cindy Postalnick, Federated's senior buyer of home and office equipment. This may defy the norm in the topsy-turvy world of home electronics, but who's going to complain about healthy margins?

Mace Electronics in Erie, Pennsylvania is even moving a fair number of very expensive laser printers in the $3,000 to $7,000 range. While such high-ticket items are certainly new terrain for mass merchants, Mace reports that some 10 percent of its printer revenues now come from laser models. And sales vice president Frank Mehler believes this percentage could soon hit 30 to 40 percent. "It's our best area of growth at this point," he says.

But Mehler admits that high-end printers aren't easy to sell. "It's difficult to keep all our people informed in all the stores," he says. Because of this, Mace sells laser printers in only some of its stores. "This way the potential laser customer is better served."

Besides this new interest in printers from the growing homeworker ranks, there is a large pool of personal computer owners who have yet to buy a printer. Dataquest's Fennell notes that 15 percent of all U.S. households have a personal computer, yet only six percent of PC owners have a printer.

Retailers are witnessing an impressive new allegiance to printers: "When we sell a computer system now, 75 percent include a printer, whereas before only about 30 percent bought a printer," Mehler says. At California-based Federated's 68 stores the same phenomenon is in evidence. "Printer sales have really been developing for the past couple of years, but now we have the greatest potential for sales," Postalnick says. Sales of printers have been so good of late, the buyer adds, that the usual post-Christmas slowdown didn't materialize this year.

While the market appears ripe for selling printers, you'll need to carry a selection that covers all buyers' needs if you want to play the game seriously — and this can cost. Plus, you'll have to employ crack salespeople who are able to demonstate features and pinpoint customer needs. And, please, don't make displays look like a museum. Rather, invite customers to play with your merchandise by putting the machines up on stands. Printers can become an important part of your profit picture — if you play the game right. ☐

Printer sales by retail channel

	1985	1986
Computer specialists	38%	37%
Department stores	8%	11%
Mail Order	14%	8%
Electronics stores	6%	6%
Discount stores	4%	6%
Direct from manufacturer	5%	6%
Office equipment stores	—	4%
Other	25%	22%

Source: Dataquest

(Henry Fersko-Weiss regularly covers the home office market. A former editor for Personal Computing *magazine, he is a regular contributor to* U.S. News & World Report *and MART's sister publication* Computer Dealer.

Editorial Feedback
Please circle the appropriate number on the Retailer Service Card. Do you sell computer printers?

YES—349 *NO—350*

RANDOM FILES

Silver Reed goes for fax

Silver Reed has changed its mind about marketing a Silver Seiko facsimile machine under its own name. Just a couple of months ago Dan Ferrazza, field sales manager, said the U.S. company didn't feel it could meet its parent company's quota at the price point it wanted to reach.

At the time, Northwestern Bell was haggling with Silver Seiko and a deal appeared to be in the making. Northwestern Bell even showed the machine at January CES in Las Vegas. But now Northwestern Bell is out, and the machine has been dropped in Silver Reed's court.

As it is presently configured the fax in question is a desktop machine without a telephone. It will handle only letter size paper, is only G3 compatible and operates at about two minutes per page. This doesn't exactly make it state-of-the-art. In fact, this is part of the reason Northwestern Bell finally said no.

"The only way for us to hit the price point we felt was necessary was to go with a low-speed modem and take out G2 compatibility — which meant it couldn't communicate with the 450,000 to 480,000 G2 machines still in use," explains Mark Gurvey, facsimile product manager at Northwestern Bell. "We didn't think we could be competitive."

William Sobieski, vice president of sales and marketing for Silver Reed hints that Northwestern Bell's problem was in its profit structure. But he admits that there is still a question about delivering the machine at what he considers the right retail price: $795. If Silver Reed could deliver the fax at that price, retailers would be buying it for around $600.

Why the sudden renewed interest in fax? The machine received very favorable reviews at the recent Hanover Fair in Europe. "The success at Hanover allows us to show it here at June CES to see what people think," Sobieski explains. Retailer feedback will have a lot to do with the final configuration, price and even whether or not the machine ever makes it out of the incubator. ☐

Sales of hand-held copiers

Are hand-held copiers just a fad or a novelty item? Look at the accompanying chart and judge for yourself. These mini-copiers are flowing steadily into the home office market, according to sales figures through April from three of the four suppliers in this category.

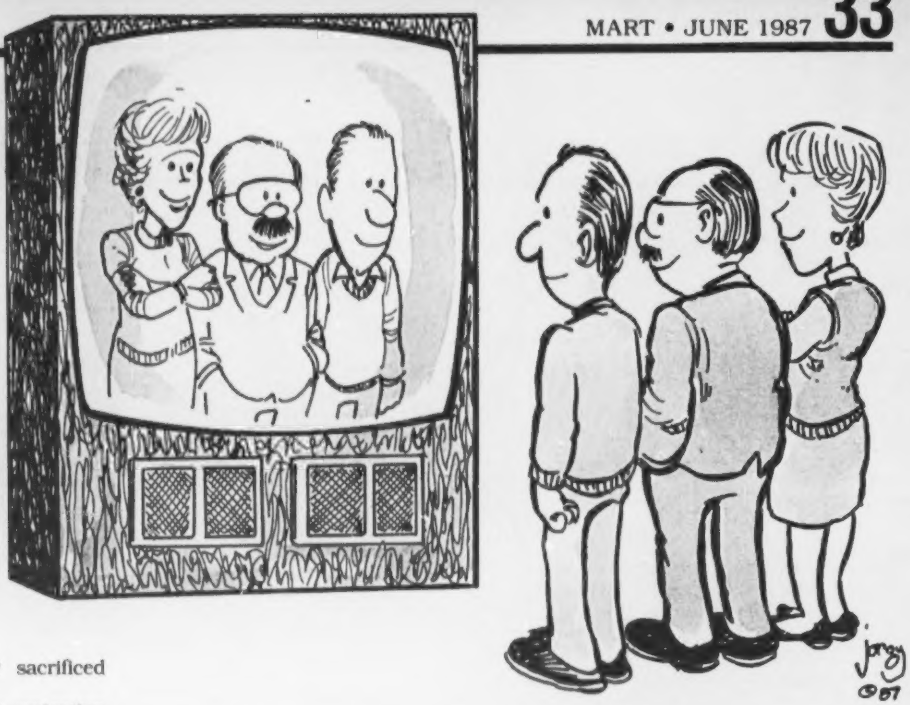
These manufacturers offer a variety of portable machines — from one that copies a single line of text to another model that copies a three-inch wide chunk of text.

Since Sharp just began selling the Handy Copier in March its number is half sales and half projection. Plus USA has been in the market the longest — it began selling its Copy-Jack model last June. Plus USA's newest model, the Copy-Jack 96, is the most expensive mini-copier at $449.95 list.

Sharp's Handy Copier is the least expensive, listing at $189.99. ☐

Sharp - Handy Copier	**5,000 units**
Silver Reed - PortaCopy	**15,000 units**
Plus USA - Copy-Jack	**9,000 units**
Panasonic - Paracopy-mini	**not available**

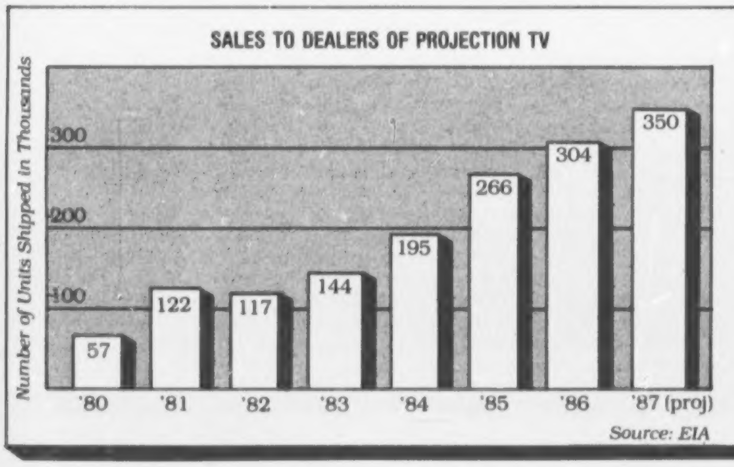
THE YEAR OF THE BIG SCREEN



Will 1987 be the year projection TV comes of age? It's a darn good question. At least from the manufacturers' side, the message at the June CES will be clear: "We're playing for keeps." Showgoers will be treated to expanded pro-TV lineups from many majors who have only dabbled before, including RCA, North American Philips, and Panasonic. Veterans of the projection market, such as industry leader Mitsubishi and NEC, will advance their lines further with enhancements and bigger-yet screen sizes.

The products themselves are likely to surprise many. Projection technology has been advancing steadily, but manufacturers making a renewed commitment are doing so because they believe the '87 models rival direct-view sets like nothing before.

Typical of improvements being made is a 45-inch model in RCA's new line boasting a brightness of 300 foot/lamberts, up from 210 foot/lamberts for the same size last year.


SALES TO DEALERS OF PROJECTION TV

Source: EIA

Similarly, NAP, which has added six new units in 3 screen sizes, claims significantly improved brightness, through a fully-redesigned projection system that uses no mirrors. And others will also show their latest technologies at CES: liquid coupled lenses that result in brighter, high contrast video; screens with ultra-wide viewing angles, etc.

That these firms are touting sophisticated new product comes as no surprise to execs at Mitsubishi, which has dominated the rear projection market since Day One with a no-compromise, price-be-damned policy. According to Mitsubishi national marketing manager Mike Stapleton, early units from his competitors used plastic lenses and smaller internal CRTs to save on cost and size, but they sacrificed brightness.

The niche customer for projection TV turned out to be more concerned with quality and more willing to pay for it. "We have always seen quality as the most important factor," says Stapleton. "Now it looks like the other companies are also getting the quality up."

As you'll soon read in this report, Mitsubishi has used this strategy to catapult itself to the dominant market share, while at the same time achieving higher selling prices and significantly higher profit margins for its dealers. But this isn't mentioned just to sing the praises of the market leader. The lesson is a valuable one: We are not talking about your average consumer, so don't treat him like a tunnel-vision price-only shopper. Projection television is one of the few categories you can still make a nice profit on. (Twenty-five to 35 percent margin is normal, making for hefty profit on such a high ticket item.)

So what's the catch? Same as always — you've got to make the commitment, both in floor space and display details. "The retailers having the most success are those who have made an effort to put at least three or four models out," explains Stan Gray, senior vice president of NEC Home Electronics. "They've legitimized the presence of the product on the floor."

Mitsubishi's Stapleton notes that dealers must do three things to be successful with the product: create a separate pro-TV area, raise it up on platforms so people view the sets as if they were sitting, and hook it into the best audio system you can muster (preferably surround-sound) to take advantage of the theater-like effect.

But even if dealers are lured in by the excellent new equipment, the pro-TV game may still be one for high-rollers — at least in '87. Despite the healthy year-to-year growth of dealer sales evident in the EIA figures, the market has proven itself an unpredictable beast. Early projections for this year spoke of 370,000 units being sold, up from 304,000 last year. But slow sales to dealers since December — possibly a result of consumer reaction to the new tax laws — have caused a revision downward by most in the industry to 350,000 units.

That volume would still be good for a 15 percent jump, but even that figure may be optimistic. Unless things pick up dramatically in the second half, Stapleton suggests the current rate of sale would yield about 320,000 units at year end.

Slow sales usually mean one thing. "We see the (manufacturers') inventory creeping up," says Stapleton, who claims that Mitsubishi has so far been immune to the problem. "It's a little frightening, because eventually someone is going to react to it and start dumping product, and that hurts the industry as a total."

The possibility of manufacturer price cuts this year is strenghtened even further by the strong desire of suppliers to quickly clear the pipeline of '86 stock, in order to start placing the '87s with retailers. Exposure to the improved quality of the new equipment is expected to be a key factor in retraining a consumer base that remembers all-too-well the earliest projection sets. "Many people have developed their perception from a TV they saw in a bar," says NEC's Gray. "Those sets may be as much as five or six years old now. Most of the problems with off-axis viewing and color shift are not problems anymore."

In any event, despite its drawbacks, product-dumping could also mean some good deals are around the corner for dealers.

Meanwhile, projection television faces some smaller problems common to categories in their infancy, including non-standard terminology and non-standard measuring techniques.

On the first point, a recent consumer study on projection television conducted by U.S. Precision Lens, a leading optics manufacturer, suggested that the industry will hinder its marketing efforts because its nomenclature for the product ranges from "large-screen" to "front-projection" and "rear-projection", *et al.* The term "projection TV" itself conjures up images of two-piece systems and is looked upon negatively by consumers, the report said. Further, it does not encompass the new generation of mammoth direct-view television, now becoming available. The study concluded, and Mitsubishi research confirms, that the term which covered all product and was most favorable to consumers was "big-screen TV."

Also dangerous, for both consumers and retailers, is the fact that no standard exists for measuring the foot/lambert value of screen brightness, perhaps the most important benchmark of a set's quality. According to suppliers, some manufacturers measure only at the screen's bright spot at the center, while others average the center in with readings taken near the corners. The only safe test between models, therefore, is a side-by-side visual comparison.

Yet another factor to add to this year's confusion is the emergence of the 30-inch and above direct view sets as an alternative to projection TV. However, as you'll read shortly, enough difference in price still exists between the two that — at least for now — they can comfortably coexist side-by-side on the retail floor.

All the caveats aside however, Gray at NEC quite expects this to be the year that many dealers will choose to give projection TV its first shot — if only to get that impressive cinematic screen out on the floor. "If the worst case condition is that the customer thinks the product has merit, but ends up stepping up to a 27-inch tabletop instead," he asks, "can the dealer be unhappy over that development?" ☐

Rob Sabin

Cores Corporation
MART

PROJECTION TV

Dealers see big bucks in big-screen TV

Retailers of all stripes and sizes are hitting paydirt in the projection TV category. How do they do it?

Store manager Ron Horn in Ken Crane's Torrance showroom: "Projection TV is getting so popular, it practically sells itself."

What does it take to do a good job with projection TV?

To answer this question, MART surveyed four dealers — one on each coast and two in the Midwest — who are known for doing a big business in big-screen TV. The dealers ranged from an 8,000 square-foot independent to a 24-store chain — encouraging proof that retailers of all stripes can succeed in this high-ticket category.

Despite their size differences, the retailers showed marked similarities in their strategies for selling projection TV, out of which several generalizations emerge. One is that to be successful, retailers must make a commitment to the catogory, in terms of both dollars and floor space. All of the dealers surveyed carried at least a half dozen brands, and displayed no fewer than 15 to 20 different models on the floor.

Second, successful dealers make themselves known as "big-screen specialists," either through advertising or by providing a special service.

Finally, these retailers are able to deliver the nuts-and-bolts product knowledge that projection TV consumers demand.

Retail pricing, our respondents agree, ranks behind the above in importance in what is, after all, still a relatively untapped, unpromoted category. "Because projection TV is so new, consumers' minds haven't been set to a price point yet," says Robert Walsh, senior vice president/buyer at Tops Appliance City in Edison, New Jersey. But don't be lulled, cautions Mark Smith, sales manager at Chicago's Digital TV, because "they're getting there fast."

Here is a rundown of the four stores and their merchandising strategies:

Ken Crane's Home Entertainment City, *Los Angeles-Orange County, CA*
All of the chain's nine stores do well with big-screen TV, but the Torrance location does the best, moving an average of 30 units a month. Store manager Ron Horn attributes this to a massive floor display — 35 models, ranging from a 35-inch direct-view to a 15-foot diagonal, and covering a $1,300-$4,400 price spectrum. Brands include Mitsubishi, Zenith, Magnavox, NEC, Fisher, Pioneer and Kloss.

A large display is essential, says Horn, so customers can see for themselves the difference in picture quality. "Projection TV is getting so popular, it practically sells itself. All you have to do is show them a big selection and help them choose the right size and model for the intended application."

The sales presentation, says Horn, "boils down to measuring. We find out how far they'll be sitting from the screen, where the unit will be positioned in the room, *et cetera*. Knowledgeable advice is what sells for us."

The California chain also relies on promotions to stimulate projection TV sales. Every month, it advertises three or four models at about five percent off regular price. The ads draw customers, but "we still get most people through referrals," Horn says. "We're known for our selection and advice."

Recently, Mitsubishi's 35-inch, direct-view model has taken off at Crane's, and currently accounts for 20 percent of big-screen sales. But Horn doesn't see it replacing projection TV in the near future. "It costs $3,000, and you can get a much larger projection set for a couple hundred dollars less," he says.

Horn's advice to dealers: "Don't display projection TV in a totally dark room. I've seen many stores make that mistake, but customers would rather see them in more 'realistic' settings, where there's some light."

Tops Appliance City, *Edison, NJ*
In 1986, Tops sold an incredible 2,500 large-screen TVs — mostly out of one 45,000 square-foot store. (The company didn't open its second branch in Secaucus, New Jersey until December.)

Some of those sales, believe it or not, can be attributed to the success of certain local sports teams. "The Mets being in the World Series and the Giants in the Super Bowl helped us here in the New York area," comments senior vice president/buyer Robert Walsh.

Tops capitalized on last year's fall/winter demand for large-screen television by offering one of the largest selections in its market, backed by $1 million in inventory. The company showed 25 models from eight manufacturers, led by Mitsubishi, Sony and NEC. "The moth is drawn to the brightest flame," theorizes Walsh.

The company touts itself in newspaper ads as "big-screen headquarters," and also did some prime advertising. "We made advantageous purchases of labels that, although not so well known in the big-screen category, are brand-recognizable to the consumer, and we presented them at a very strong price point," Walsh explains. Among these were 37- and 40-inch Sylvania and Panasonic models, sale-priced at $1,297 and $1,397.

Although he moved "a lot" of promotional TVs, Walsh says many customers opted to step up to larger 45- to 50-inch models, or those with enhancements. Popular features desired by projection TV customers include stereo capability and doors. In cabinet style, "clean, contemporary light oak or medium walnut" sells best at Tops.

However, stresses Walsh, the most important selling feature is still "picture quality — as bright a screen as possible with the best peripheral vision."

Digital TV, *Chicago, IL*
This small independent just opened its doors in 1986, but sold 400 big-screen TVs last year. "We made a strong commitment to the category from the start," notes sales manager Mark Smith, who displays 15 models from eight manufacturers on his 8,000 square-foot sales floor.

The store also has an 8- x 12-foot demo room with couch and chairs, featuring a Pioneer Foresight audio/visual system with a 40-inch screen. Showing customers how projection TV looks in a typical livingroom setting has been helpful in closing sales, Smith reports. "The customer sees that screen can work in a small, home-type environment."

Another thing that's helped sales is Digital TV's unique service of designing customized audio/visual rooms. The store has built eight such rooms this year for customers — one in an attic. Including components, such a sale can carry a ticket as high as $12,000.

Because of Digital's service orientation, price is secondary to its large-screen customers, asserts Smith. "We do very well with Pioneer and NEC, which run a little higher than some," he says, disclosing that the store's typical margin on projection TV is 27 percent. And beyond the sale, Digital sells service contracts to 80 percent of its customers.

Tipton Centers, Inc., *St. Louis, MO*
This 24-store chain in Missouri, Iowa, Illinois, Kentucky and Tennessee moves over 2,000 big-screen sets a year, according to senior vice president of merchandising Gary Kaplan. Some locations feature as many as 20 models, displayed in a line running 100 feet. "People can look at them all at once and compare," explains Kaplan.

The high-impact display has converted many customers shopping for conventional TVs into big-screen buyers. But equally important, observes Kaplan, is the sales presentation given by employees. "It's step-up selling like anything else — you're selling the customer a better TV."

One very effective pitch has been to show the customer on a cost-per-month basis the difference between a conventional 25- or 26-inch TV and a projection model. "We compare the cost-per-month of each over a 10-year product lifespan, and the customer realizes that there isn't much of a difference between the two," Kaplan says. "Then we point out all he's getting for that difference — the bigger screen, the technology and the status of owning a projection TV. At that point, he's usually sold." ☐

Suzy Fucini

The pro-TV customer

As might be expected, retailers in the Cores test group agree that the big-screen consumer is predominantly male, in his thirties, with an income in the $30,000 to $39,000 bracket.

Regarding buying patterns, the Cores panel noted that the Christmas season was the most popular time among consumers for purchasing a projection television. December was cited as the best month by 40 retailers, November by 32 dealers, October by 19, September by 17 and January by 17.

One possible reason offered for a strong November is purchases made in anticipation of Thanksgiving weekend's TV sports and specials, which are often viewed by whole family gatherings. Likewise for January, which is SuperBowl month, and December has both Christmas and a possible Christmas bonus for some consumers to encourage a purchase.

Despite this, however, 1986 saw a dramatic decline of 27 percent in sales to dealers in December from the previous December, followed in turn by a -13 percent January and a -9 percent February, also down from the same months a year earlier.

Why didn't 1986's Christmas echo previous years and confirm the dealer survey? The culprit, Cores surmises, was probably income tax reform, which reassessed deductibility of certain kinds of personal finance. It is possible that confusion about the law may have made people uneasy about purchasing on credit, or convinced consumers to use their discretionary funds on purchases that had to be made before year end in order to avoid future tax penalties.

Over half of the retailers said that *less than 10 percent* of their sales were made to people who knew they wanted a projection television when they came in the store. This seems to indicate that projection-TV has tremendous impact on the floor, and consequently, has the ability to convince customers to impulsively step up to a major purchase. ☐

Methodology

The data provided in this special section was compiled by New York-based Cores Corporation, which conducts ongoing market research and consulting in consumer electronics and related industries. Sixty major retailers were contacted by Cores by telephone during November/December 1986 to participate in a study on the projection television marketplace. Respondents included store owners, managers, buyers and salespeople, who were asked a wide range of questions that enabled Cores to determine, among other things, product and pricing trends, profitability, customer preferences and strengths and weaknesses of brands carried by the study group.

The retailerv were chosen to provide a mix of geographic regions covering the East, West, Midwest and South. Of the 60, 27 were audio/video stores, 18 were TV/appliance stores, and 15 were non-specialty (13 department stores, 2 discounters). 44 of the stores were part of a chain, 22 of these were in a chain with more than 20 outlets. Sales revenues for TV-related products exceeded $1 million for only 41 stores; the rest ranged from below $200,000 up to $1 million.

In addition to the above research, this report has been supplemented by recent interviews with projection television manufacturers and retailers conducted by MART's editorial staff.

Big screens, big profit

By today's standards, big-screen TV carries an unusually hefty profit margin. Of 45 dealers in the test group who discussed the topic with Cores, the majority had typically achieved projection TV margins between 25 and 50 percent. Specifically, 16 retailers had average margins in the 30-39 percent range; 16 retailers in the 25-29 percent range; 6 in the 20-24 percent range; 5 at 10-19 percent; and 2 at 1-9 percent. The mean profit margin among this group was 24.8 percent.

The chart below shows, by channel, profit margins achieved by some sample stores participating in the survey. Non-specialists included 13 department stores and two discounters. Mitsubishi, the market leader, is also shown separately, however, the mean profit margin listed on the left include Mitsubishi.

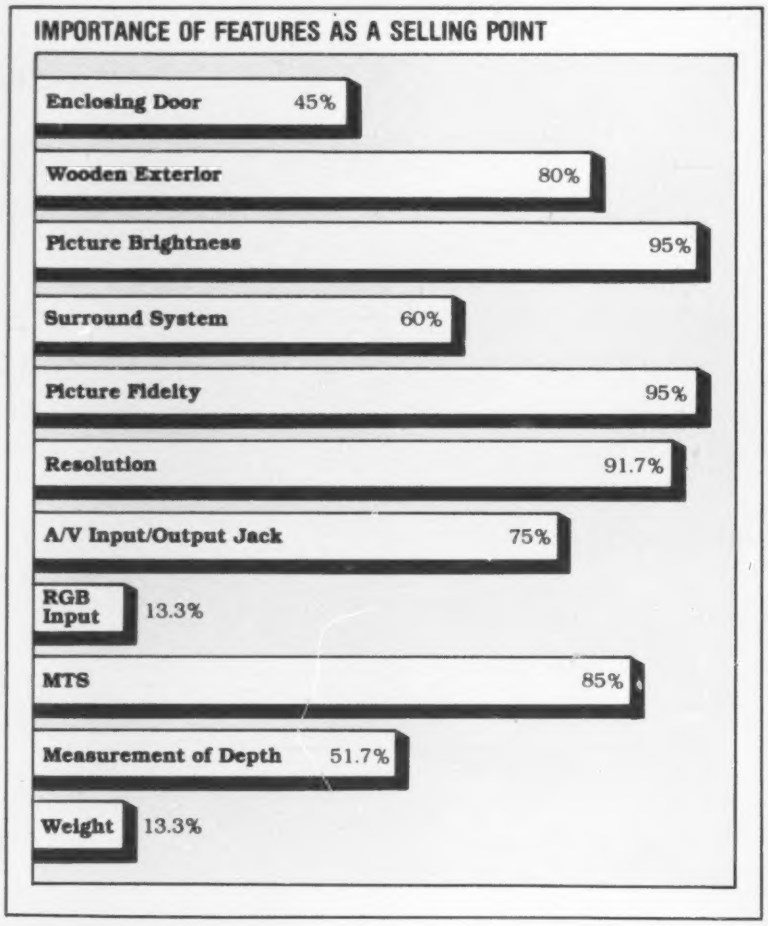
PROJECTION TV PROFIT MARGIN BY RETAIL CHANNEL

Dealer ID		Projection TV Overall		
			Mitsubishi	
				Brands Carried Other Than Mitsubish
A/V SPECIALIST STORE	1	20%	24%	Panasonic, Pioneer, Sony
	2	25%	25%	Panasonic
	3	30%	30%	Kloss
	4	35%	35%	Kloss, NEC, Fisher
	5	23%	26%	NEC, Sony
	6	21%	25%	Panasonic,Sony
	7	26%	26%	NEC, RCA
	8	27%	27%	Sony, Fisher
	9	25%	25%	Hitachi, Magnavox, Sony
	10	25%	25%	Kloss, NEC, Pioneer
	11	25%	30%	NEC, RCA, Zenith, Sony
		25.6%	27.1%	**MEAN ***
TV/APPLIANCE STORE	1	25%	25%	Hitachi, Magnavox, NEC, Pioneer, Sony
	2	32%	37%	Pioneer, Sony
	3	30%	36%	Hitachi, Kloss, NEC, Panasonic, Zenith, Sony
	4	22%	22%	Mitsubishi Only
	5	35%	35%	Panasonic, Pioneer
		28.8%	31%	**MEAN**
NON-SPECIALIST	1	35%	43%	Hitachi, NEC, Sony, Fisher
	2	28%	28%	Sony
	3	25%	28%	Sony
	4	28%	28%	Mitsbushi Only
		29%	31.8%	**MEAN**
		27.1%	29%	**OVERALL MEAN**

* *–Mean profit margin includes that of Mitsubishi.*

Features: What's hot, what's not . . .

The following shows projection television features and the percentage of dealers from among 60 in the test group who rated that feature either "extremely important" or "somewhat important" as a selling point.


IMPORTANCE OF FEATURES AS A SELLING POINT

Pricing trends

Retailers in the Cores study group reported in December the following selling price spreads for their best-selling brands: 39-in. and under, $2,000; 40- to 42-in., $2,000 -$2,300; 45- to 47-in., $2,700 -$3,200; and 50-in. and over, $3,700 - $3,800.

It's interesting to note that these spreads are weighted slightly higher than they might otherwise be because of higher price ceilings reported by the 34 Mitsubishi dealers in the group. Cores has confirmed that retailer newspaper ads studied in December for the ongoing Cores Marketing Index, showed that Mitsubishi's average selling price for projection TV in all categories — $2,414.80 — was 16 percent higher than the industry's overall average at $2,073.78.

According to the study group, selling prices in general have declined for the best selling brands in the most popular categories. Asked to compare prices in December with those one year earlier, the retailers reported the most dramatic decline in the over 50-in. screen size, which dropped an average 7.7 percent, from $3,642 to $3,363. The key category of 40 to 42 in. declined 5 percent from $2,503 to $2,378; similarly, 45- to 47-in. screens dropped 7.4 percent from $2,897 to $2,683. Marginal increases in price were reported for front projection and 35-in. direct view sets. ☐

Is bigger better?

According to Cores and *Television Digest*, sales of the largest screens as a percentage of the whole are expected to grow in 1987.

1986	Share	1987	Share
36- to 39-inch	20%	36- to 39-inch	9%
40- to 44-inch	40%	40- to 44-inch	38%
45-inch and over	40%	45-inch and over	53%

Editorial Feedback
Please circle the appropriate number on the Retailer Service Card. Do you sell projection TV sets?

YES—357 *NO—358*

What should you carry?

Why do retailers carry projection television? Customer demand was the reason noted by 76.7 percent of dealers on the Cores test panel. Other reasons, in order, were large profit margin (33.3 percent), sales turnover (21.7 percent), manufacturer push (6.7 percent) and "other" (13.2 percent).

The most popular products among the dealers were rear projection sets with 40- to 47-inch screens (carried by 55 of 60 dealers), which correlates with the two best selling categories reported. These were followed by screens 39-inches and under carried by (45 dealers) and 50-inches and over (29 dealers). However, among 10 retailers who said they would soon drop some pro-television product, 39-inch and under was cited by four dealers.

Front projection TV was the least popular product, carried by about a third of the retailers (21 dealers). It should also be noted that 44 dealers, or three quarters, carried direct-view television measuring 29-inches and over.

The 60 retailers displayed a total of 326 units among them, for a mean of 5.4 units displayed per store. The pro-TV display was most commonly found on a wall far away from the store entrance (19 dealers), followed by a demo room (18), the center of the floor (10) and near the entrance (10).

The average number of brands carried by dealers in the group was 3.6. The most popular brands, by a significant margin, were Sony, carried by 37 dealers, and Mitsubishi, carried by 34. These were the only brands carried by more than half of the test group.

Though both brands were carried across all three types of stores listed (A/V, TV/appliance, and department/discount store), Sony's distribution was strongest among small- to mid-level independents, while Mitsubishi's strength was in chains with $1 million or more in TV-related products. This explains stronger total Mitsubishi sales despite a greater number of Sony dealers within the group.

The brands and number of stores carrying each were: Sony (37), Mitsubishi (34), RCA (22), Zenith (22), NEC (21), Panasonic (15), Fisher (15), Hitachi (14), Pioneer (10), Magnavox (9), Kloss (8), Sharp (4), Quasar (4). ☐

Best selling brands . . .

Below, for each projection TV category (plus 35-inch direct view) are the best selling brands as reported by the 60 retailers in the Cores test group.

BEST SELLING BRANDS BY CATEGORY

Brand	*	Price Range	Reasons It Sold Best
PROJECTION TV - 39" and UNDER			NUMBER OF DEALERS: 45
Mitsubishi	19	1750-2100	Price (9), Reputation (9), Quality (8)
Sony	10	2200-2800	Quality (6), Price (4), Reputation (3)
Quasar	3	1495-2195	Price (2), Features (2)
PROJECTION TV - 40" - 42"			NUMBER OF DEALERS: 55
Mitsubishi	28	2199-3200	Reputation (18), Quality (12), Features (9)
Sony	10	1999-3400	Reputation (5), Quality (5), Price (3)
Pioneer	4	2795-3200	Quality (2), Features (2)
PROJECTION TV - 45" - 47"			NUMBER OF DEALERS: 55
Mitsubishi	28	2488-3288	Reputation (18), Quality (15), Features (6)
Sony	7	2200-2999	Reputation (5), Quality (3), Price (2)
RCA	5	1899-2199	Quality (3), Price (3), In-store Promo (2)
NEC	4	2695-3000	Price (2)
Zenith	4	1699-2500	Price (3), Reputation (2)
PROJECTION TV - 50" - and OVER			NUMBER OF DEALERS: 29
Mitsubishi	22	3000-3800	Quality (11), Reputation (9), Price/Features (7)
Hitachi	5	2097-2500	Price (3)
FRONT PROJECTION TV			NUMBER OF DEALERS: 21
Kloss	8	3299-4200	Quality (5), Features (3), Size/Width (3)
Mitsubishi	4	2000	—
Zenith	4	1600-2100	Price (2)
DIRECT VIEW COLOR TV - 35"			NUMBER OF DEALERS: 44
Mitsubishi	24	2999-3499	Quality (11), Reputation (11), Price (7)
Fisher	6	3300-3499	Quality (3), Features (2)
Sharp	5	2988-3195	Quality (3), Features (3), Price (2)

**-Number of dealers who cited brand as best seller. ( )-Number of citations.*

Brand evaluations

The sixty retailers on the Cores test panel were asked to rate their suppliers on a variety of subjects, covering product quality, perceived customer demand, and a variety of marketing factors such as advertising and promotional support, quality of sales representatives and others. Their responses, ranging from "excellent" to "very poor" for each category, were then tabulated according to the key below. Based on the scores, a rating number from +10 to −10 was attributed to each brand for each category. This chart shows, as of December, the perceived strengths and weaknesses of each projection TV brand, as rated by the dealers who carried them.

It should be noted that Kloss Video, though initially included in the survey questionaire, was eliminated when 3 of 8 Kloss dealers declined to respond. The difference in the Kloss product line, which is primarily front projection, was also considered. However, the five remaining Kloss dealers rated the firm very highly, its overall score reaching 5.63, exceeding that of Mitsubishi. Kloss scored particularly well for product quality, value for money, delivery time, sales rep/personnel and profit margin. Shortcomings focused upon limited advertising activities and features.

DEALERS' BRAND EVALUATION

Brand	*	Overall	Product Quality	Features	Value for Money	Product Mix/Line	Cosmetic Design	Ads Activities	Promotion	Delivery Time	Sales Rep.	Parts/Repair	Information	Customer Demand	Profit Margin
Mitsubishi	34	5.08	8.10	8.05	6.25	6.90	6.95	1.25	2.80	0.15	3.40	4.65	4.05	7.75	5.70
RCA	22	4.00	3.40	5.45	4.50	3.75	3.85	5.25	4.15	6.15	4.50	4.15	3.75	3.40	-0.30
Pioneer	10	3.91	7.80	7.80	3.90	0.55	5.00	2.80	3.55	3.35	4.40	3.35	1.65	3.35	3.35
Sony	37	3.83	7.00	7.45	3.55	3.15	5.45	3.45	2.15	2.00	3.30	2.05	4.10	6.15	0.00
NEC	21	3.55	5.55	7.10	5.85	3.40	4.45	0.55	1.25	2.90	5.60	3.35	2.95	0.55	2.65
Zenith	22	3.46	5.00	4.30	4.05	2.60	3.10	2.90	1.75	5.00	4.25	3.75	4.50	3.55	0.25
Hitachi	14	2.50	5.70	5.00	4.25	2.50	2.50	−1.05	1.65	3.55	2.15	2.70	2.85	0.00	0.75
Fisher	15	1.87	1.55	4.25	4.25	1.55	1.90	2.90	2.90	1.90	0.00	−1.15	−1.15	0.40	5.00
Magnavox	9	1.81	2.20	3.35	4.45	−1.25	3.35	1.65	1.00	1.65	3.55	2.50	2.15	−1.10	0.00
Panasonic	15	1.65	3.35	3.00	3.00	1.65	2.35	0.70	0.40	3.65	3.35	1.65	1.05	−1.00	−1.65

Key: Score weighted by allotting +10 to "excellent," +5 to "good," 0 to "fair," −5 to "poor," and −10 to "very poor." The sum of the total was then divided by the number of responses.

**Number of dealers*

38

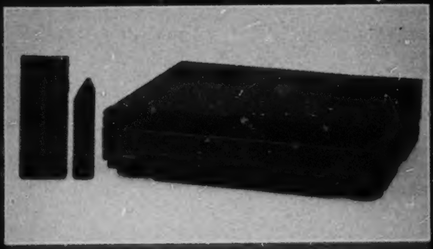
C417

MART

BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS
GORDON PUBLICATIONS, INC.
AUGUST 1987

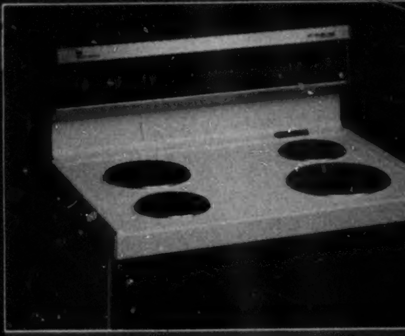
COMPANY CLOSEUP

Will new management and products keep Commodore on the comeback trail?



HOME ELECTRONICS

From a $1,200 VCR to a $3.95 battery checker, MART editor's pick this month's goodies.



APPLIANCES

Find out why more dealers are warm up to solid discs.

THE NEW POWER OF BUYING GROUPS

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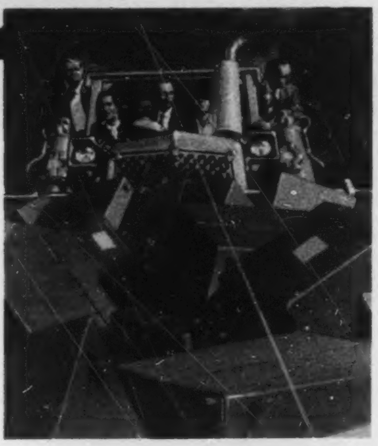
MART

Business Ideas for Today's Retailers and Distributors

COVER STORY



5

The new power of buying groups

Suzy Fucini finds out how and why today's buying groups are much more than their names suggest.

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Headphone king on a roll

A closeup of the man who invented headphones 30 years ago, John Koss, Sr.

The new dbx 10
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Solid discs ignite consumer interest

More and more customers are falling for solid disc cooktops and ranges.

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'Guarantee' programs help close sales

Dealers say product replacement guarantees from Whirlpool and GE are a great sales tool.

Editor's Choice 20
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Faces in the Crowd 26

Just A Minute! 4

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Smart buying

Are you buying "smart?" Retailing expert Jules Steinberg helps you answer this question.

HOME ELECTRONICS

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GE quits the biz

An industry founder has given up on home electronics.

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Commodore banks on 'Three Amigas'

Home computer pioneer takes a fresh look at the market with new management and products.

BPA

ABP

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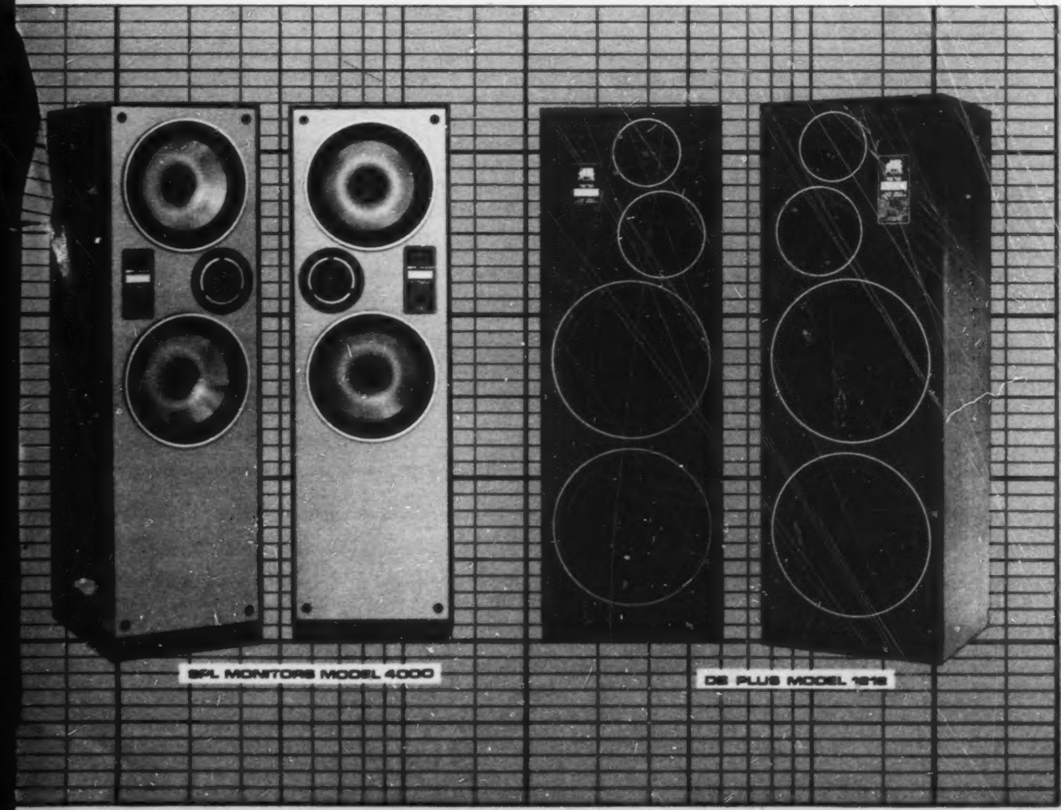

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HOME ELECTRONICS

Video shops holding ground, survey reveals

VSDA finds more titles and increased business at member stores.

VCR sales are leveling. Supermarkets and convenience stores are using video software as a loss leader. Sales of prerecorded tapes have improved, but they're still below many people's expectations. The corner video shop has to be under tremendous pressure these days.

You would think so, but according to the Video Software Dealers Association's 1986 membership survey, business is fine. In fact, for most of VSDA's 3,500 members — who collectively control some 15,000 video outlets in this country — business was "up" last year compared to the 1984-85 period. Only 10 percent of those surveyed said business was "down" (8 percent) or "the same" (2 percent) compared to two years earlier.

VSDA dealers may be doing well, in part, because many are stocking more titles than ever before. This finding supports studies suggesting that superstores are the wave of the future. The average number of titles per store rose to 2,417 last year, according to VSDA's survey, up from 1,968 in 1985. And inventory units increased dramatically to an average of 3,478 units per store compared to 2,589 the year before.

Sales of video cassettes — not rentals — brought more dollars to the bottom line last year than in 1985, according to 95 percent of the dealers surveyed. However, the VSDA report did not indicate how much more. And due to Hollywood's biggest sales push ever, the average price of tapes sold was $29, considerably less than the $37.23 customers typically paid in 1985.

On a per-sales-transaction basis, the number of titles averaged out to 1.2, which means that customers who collect videos rarely buy more than one at a time.

On the rental side — which is still by far the bread and butter for video dealers — the number of titles rented on a per-transaction basis averages out to 2.3. And while rental dollar volume increased in 1986 for 90 percent of VSDA's members, the average rental fee dropped to $2.40 from $2.66 in 1985.

The VHS format's stranglehold on the marketplace tightened in 1986. VSDA members reported that VHS claimed 93 percent of their prerecorded video dollar volume on average. This compares to 83.7 percent a year earlier. Beta's 10 percent slide begs the question: How much longer will Hollywood continue to offer titles in the original consumer video format?

Despite new convenience store, supermarket and bookstore members, VSDA is still overwhelmingly a trade group for smaller, specialty dealers. Almost 90 percent of the organization's members run specialty operations. Most of these stores are located in "strip centers" (59.9 percent), 26.8 percent are free-standing and 7.8 percent operate in shopping malls.

Last year, 84.2 percent of VSDA's members did $1 million or less in gross dollar volume. The single largest dollar category was "$100,000 to $250,000" (37 percent). Next was "$250,000 to $500,000" (20.6 percent), followed by "under $100,000" (13.5 percent) and "$500,000 to $1 million" (13.1 percent).

VSDA member stores tend to be fairly spacious with an average of almost 2,100 square feet.

The stores also typically operate 10.5 hours a day, with Friday and Saturday being the longest business days at 11.3 hours. On Sunday, stores are open 8.2 hours on average.

One conspicuous finding of the 1986 survey was that many VSDA dealers are still living in the Dark Ages when it comes to running their predominantly rental businesses. More than one-quarter (27 percent) are *not* yet computerized. This is a shade above 1985's figure, suggesting that computer purchase plans may be on hold. This finding is perplexing when you consider that today's video outlets are handling more titles than ever before.

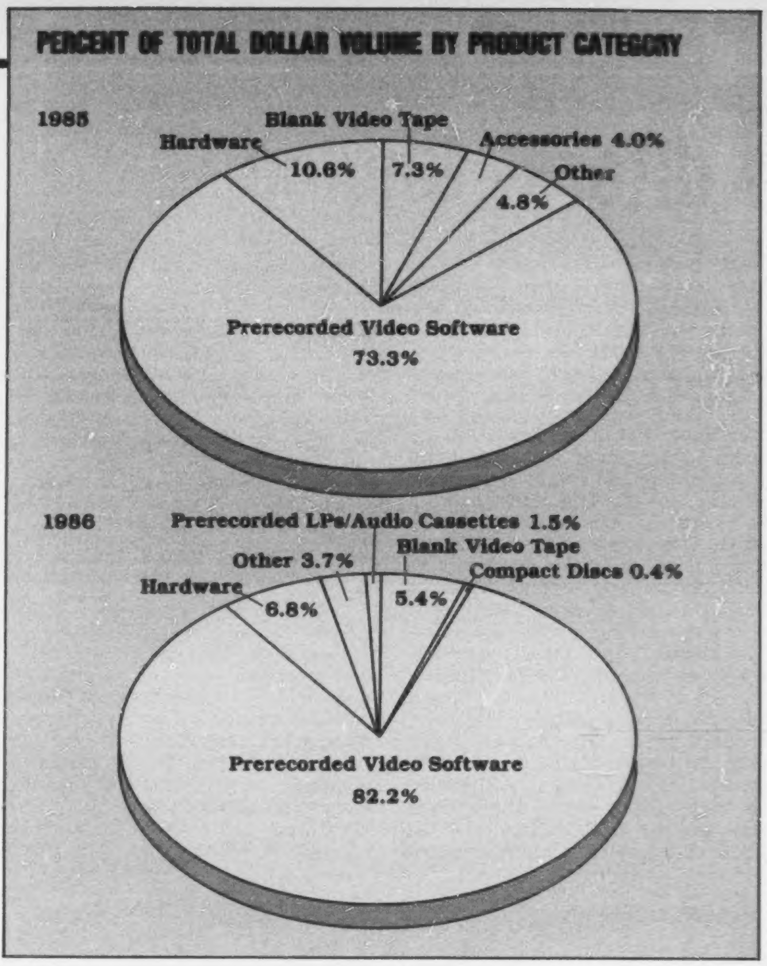
The video renting and buying public still prefers action/adventure and comedy titles above other genres. Among stores that carry adult video, these categories represented 17.8 and 17.9 percent of software dollar volume in 1986, respectively. For stores that don't stock X-rated material, the percentages were 20.2 and 19.6, respectively. Action/adventure and comedy also topped the list in the 1985 survey, although they represent a slightly lower percentage of the whole in the latest survey.

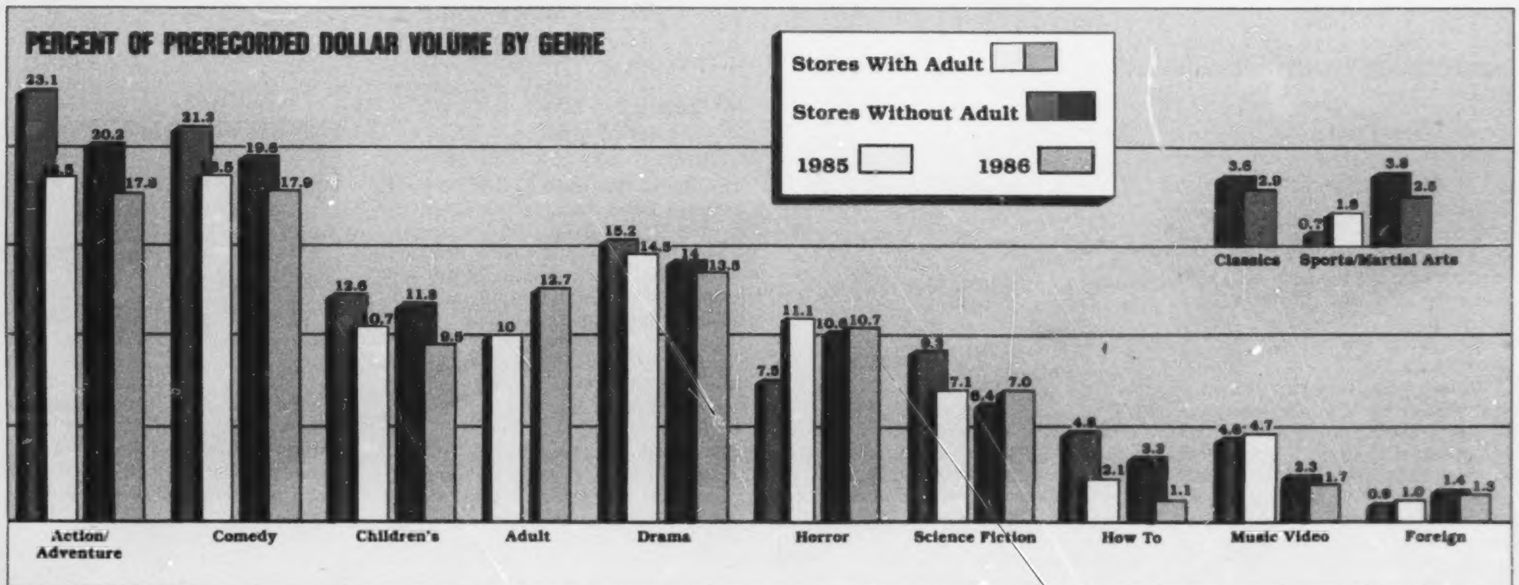
Other popular genres are drama (13.5 percent), adult (it accounts for 12.7 percent of dollar volume among those who stock it) children's programming (9.5 percent) and science fiction (7 percent). See the accompanying chart for a breakdown of other genres.

It appears that the Meese Commission's widely-criticized report on pornography may have prompted at least some dealers to pull the plug on X-rated sales and rentals in 1986. Fewer VSDA members stocked adult video (77 percent) compared to 1985, when 83 percent stocked the category.

Perhaps the best news is that video software is still a cash business. Last year almost 75 percent of VSDA member's dollar volume was done in greenbacks, up from 68 percent the year before. ☐

Bob Ankosko





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MART

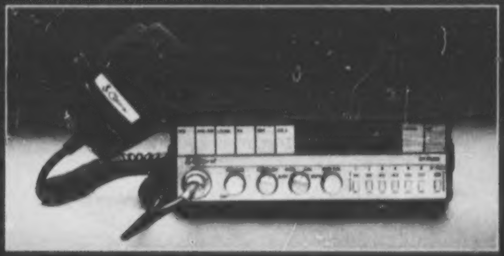
BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS

GORDON PUBLICATIONS, INC.

SEPTEMBER 1987

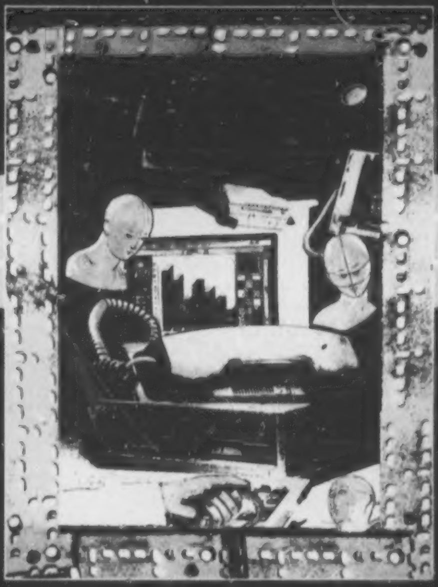
APPLIANCES

White Consolidated's marketing mastermind reveals his plan of attack.



HOME ELECTRONICS

Hey, Good Buddy, if you thought CB was over-and-out, think again.



SPECIAL SECTION

An exclusive guide to the growing home office industry.

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HEAVYWEIGHT STRATEGIES FOR TODAY'S BUYER

MART

Business Ideas for Today's Retailers and Distributors

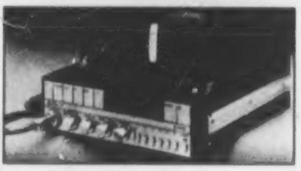
COVER STORY

7

Heavyweight strategies for today's buyer

Are you getting the best deal? Rob Sabin talked to buyers across the nation to find out what the best deal is and how to secure it.

HOME ELECTRONICS



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CB radio gets new handle

Are you missing a profit opportunity in CB? Find out why the business is bouncing back.

12

Who's #2 in corded phones?

If you think you know the answer to this question, turn to our TeleCommunications Retailer page. We bet you're wrong.

HOME OFFICE SPECIAL

(pages A-1 to A-24)

Profiles in Home Office

In this 24-page supplement, MART zeros in on an industry that is now coming into its own. The section includes a market report with the latest data, merchandising tips from industry leaders, corporate profiles and a directory of key home office suppliers broken down by category. See page A-2 for contents.

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Zenith stands tall

In the wake of the Thomson/GE deal, the lone domestic TV-maker demonstrates its commitment with innovation.

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Executive chat: WCI's Jim West

White Consolidated's new marketing chief reveals new plans for the firm's five major brands.

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Consumer intelligence bank for dealers

Find out why Whirlpool Acceptance's Charles Sessa may know more about your customers than you do.

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Advertising with pizazz

MART's retailing expert, Jules Steinberg, reviews the do's and don'ts of print advertising in this third article of our four-part store management series.

BPA

ABP

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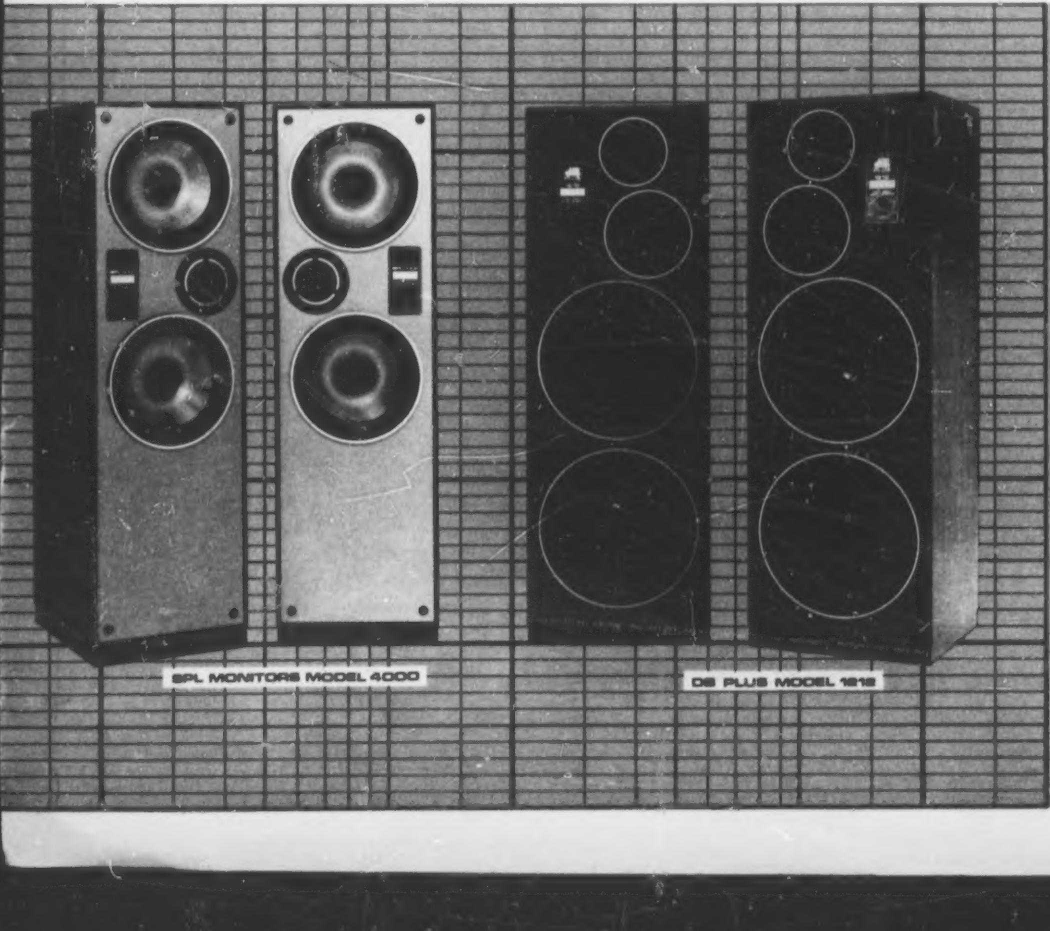

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Dealers get new handle on CB radio

If you thought the CB market was over-and-out, then you haven't been paying attention to the latest numbers.

Well, Good Buddy, it's time to once again put the pedal to the metal and give your customers a Great Big 10-4. You can't quite call it a convoy — at least not yet — but dealers are lining up across the country to cash in on one of the great lost fads of the '70s. We know, it sounds incredible — but it's true. CBs are back.

"I really didn't notice the resurgence myself until late last summer," explains Mike Hirsch, autosound buyer for Columbus, Ohio-based Sun TV. "We'd always carried CB as a service to our customers, but we never really took it seriously. I decided to go out on a limb, and expand our offering of lines and models substantially. It's paid off."

John Chass, a spokesman for Kansas City-based Midland, says the renewed consumer interest in CBs was detected by CB specialists as early as 1980. For the past four years, industrywide sales have been steadily increasing at a rate of 9-16 percent per year. In 1986, the industry moved 1.6 million units, according to Chass, who sees no problem topping the 2 million mark by year-end.

"I think one fact that can't be overemphasized is that the industry moved more mobile CB units last year than it did radar units," Chass says. "Those figures should give every retailer something to think about."

Currently, the CB market is divided up between five key players — Cobra, Midland, Uniden, GE and Radio Shack, according to John Ehrisman, marketing vice president at Cobra/Dynascan. But the largest CB manufacturer is Kansas City-based Maxon Systems. No other entity produces more CBs. In fact, many of the top suppliers source a substantial portion of their inventories from Maxon, according to Cobra's product marketing manager Mark Guttu.

Industry insiders trace much of CBs' rekindled popularity to it's new identity as an emergency communications device. CBs have become an insurance sale, Midland's Chass says.

"It's really opened up an entirely new market," observes Jim Foley, a manager at Holyoke, Massachusetts-based Paysaver, a consumer electronics superstore. "We've seen sales increasing steadily for the past few years, and I'd say the primary motivation for the purchase here is to protect against an emergency situation."

Nationwide, Midland's Chass estimates that nearly 36 percent of all CB sales are emergency motivated.

Predictably, new customers have emerged as a result of such worst-case-scenario hype. Whereas females constituted only 2 percent of the CB buying public during the days of CB-mania in the early 70s, today, nearly 21 percent are female, Chass notes.

Of course, not everyone running out for a CB has disaster on his or her mind. According to Cobra's Ehrisman, there's also a segment of the market that's interested in high-end CBs — truckers and traveling salespeople, for example.

GE's personal entertainment marketing manager Al Arris' says, "Besides the emergency factor, you can't overlook the fact that car and truck sales have been very strong the past few years, and gas prices have been relatively low. That combination of factors has had a lot to do with what I'd call the new 'boomlet' for CB."

9
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7
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1
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P20-D
M-8
P1-D
TP-7
PS-8
LS-52

Number Comfort.

Once again, it seems that Canon's coming up with all the new ideas in calculators. Now, it's the Canon Slant Key calculators, with keys angled at 20° to match the angle of the calculating hand.

They look different, yes. But, what's more important, they feel different. Very comfortable. And they'll make a difference in your profit picture because customers want to pick them up for a test drive.

Now, combine this exciting new design with everything else Canon calculators are known for — performance, features, durability and reputation — and you can see it's going to add up. Especially when you can offer not just one or two models, but a complete line of Slant Keys, from handheld displays and portable printers to compact desktop printers. Fifteen in all.

The way Slant Key calculators will sell, you'll wish we made cash register keys, too.

Contact your regional sales office for more information on Canon Slant Key calculators.

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In 1986, market research conducted by Midland revealed that almost half of all CB buyers are college grads, and nearly 44 percent have household incomes above $30,000. Moreover, Midland found that CB appeals to virtually all age groups. The product is most popular among the 35 to 44 crowd, which accounted for 28 percent of last year's sales.

Beyond this segment, 1986 sales were divided among the following age groups: over 55 (25 percent), 25 to 34 (20 percent), 45 to 55 (19 percent), 24 and younger (11 percent).

% OF CB RADIO SALES BY RETAIL CHANNEL

TV/appliance	3%
Auto parts stores	3%
Department stores	3%
Mail order houses	4%
Discount stores	8%
Catalog showrooms	9%
CB specialists	14%
Radio Shack	28%
Other channels	30%

Source: Midland
(Editor's Note: Numbers do not total 100% due to rounding.)

CB radios priced in the $50 to $75 range are the hot sellers, Midland found, representing 34 percent of the units sold last year. The next most popular price was $50 and under, claiming 24.5 percent of sales. CBs selling for $100 or more accounted for 23 percent, while those between $75 and $99 grabbed an 18 percent share of the market.

If you do business in the eastern North Central or South Atlantic states, you stand a better chance of selling CB. Combined, those two regions brought in 36 percent of 1986 CB sales, according to Midland. Next were the Pacific states with 14 percent and the Mid Atlantic region with 12 percent.

So far, most TV/appliance dealers apparently haven't woken up to the resurgence in CB, or they're simply hanging back. According to Midland, this retail channel brought in only 3 percent of all sales in 1986 — a last place position shared by auto parts retailers and department stores. The real action was at Radio Shack, which raked in 28 percent of sales, and CB Specialists, who accounted for 14 percent of sales.

Says GE's CB product manager Jerry Zaborsky, "So far, we haven't penetrated much of the TV/appliance market with our product, but I think that could change. I think if TV/appliance retailers become aware of the fact that there's a product out there with profit margins of 35-40 percent that many other retailers haven't picked up on, you'll see more of them in the market."

One reason TV/appliance dealers may be hanging back is the bitter memory of the mid-70s, when the airwaves became jammed with CB signals and industry unit sales plummeted from a high of 7.5 million one year to 900,000 the next. "We were stuck with 100,000 units ourselves", recalls John Heenan, manager of marketing services for Uniden. "At that time manufacturers tried to solve the problem by going from 20 to 40 channels, but the change came too late.

"But I don't see that situation happening again," Heenen continues. "People are buying CBs for different reasons now, and a lot of them aren't even going to be on the airwaves unless there in an emergency. So the potential market has expanded dramatically. Conceivably, there can be as many potential CB sales out there right now as there are cars, trucks, and other vehicles." Agrees an equally optimistic Chass, "I don't see why this can't be a $7-12 million market within the next five years." ☐

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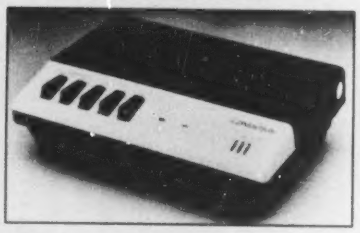
OPEN LINE

Promo TADs by the container

Planned Technologies, the firm known for shipping containers of promotional telephones from the Orient directly to American retailers, has added answering machines to its lineup of Lonestar brand products.

The Hicksville, New York-based company's first TAD — the model 1100 — carries a list price of $59.95, but can be sold profitably for as low as $39.95, according to company officials.



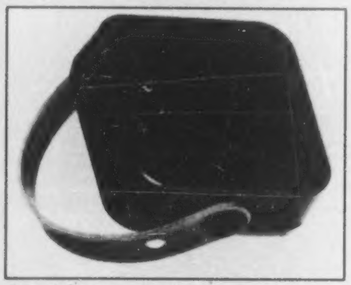
The compact answerer, which began shipping this month, records outgoing messages on a voice chip, and uses a standard cassette for incoming messages. Other features include voice activation, call monitoring and battery back-up.

"The $59.95 suggested retail price positions the Lonestar 1100 as an attractive alternative for consumers who want an easy-to-use, reliable TAD without the high price tag," says Larry Richenstein, president of Planned Technologies.

A quick sale booster

How many times have you received a faint long distance call and wished you could "turn it up?"

Carter Craft, the Rockford, Illinois accessories maker, has come up with an inexpensive device that helps overcome such problems. The Portable Telephone Amplifier is a battery-operated audio "booster" that snaps onto the handset of most phones.



The unit features an adjustable volume control which makes it ideal for noisy locations as well.

But best of all, the Telephone Amp is an impulse buy at $15.95 suggest retail. ☐

Conair maintains number two spot

If we asked you who had the leading share of market in corded telephones, you'd say AT&T, and you'd be right. But if we asked you for the number two player, who would you pick? ITT? GTE? Panasonic? Nope — it's Conair.

Incredible as it may seem, the company best known for bringing the pistol grip hair dryer to the world-at-large claimed 11.9 percent of the corded phone market for first quarter '87. An ongoing market study by Industrial Marketing Research, which tracks sales to consumers across the country, places Conair directly behind AT&T, which carried 24.7 percent of sales for the quarter. Trailing was Sears, with 7.7 percent, and GTE, with 7.2 percent. These stats mark the seventh consecutive quarter that the industry-wide service has ranked Conair number two.

According to senior vice president Barry Haber, various factors came together to give the firm its current position, but first and foremost is an immense brand recognition. The Stamford, Connecticut-based company has spent upwards of $150 million promoting the Conair name through its various product lines, and — as you might expect — its franchise is particularly strong with women. That's a big asset, Haber says, when you consider that nearly 70 percent of telephone purchases are either made by a woman or with a woman present.

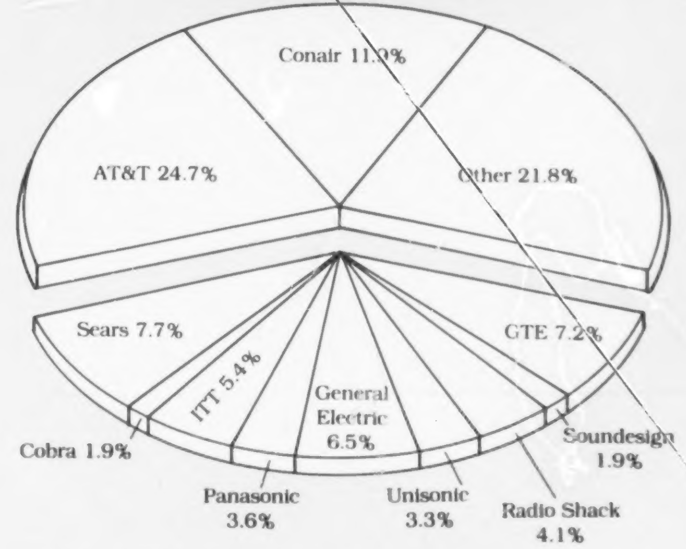
Conair launched its phone business in October of '83 with a line of standard phones, but the acceptance of the promotionally-priced High Energy line that debuted in '85 also fueled growth. High Energy, characterized by hot, bright colors, was successfully introduced with hair dryers, and later brought to phones and clock radios.

"High Energy, based on the visual appearance and the amount of product it moved, drew a great deal of attention to Conair's electronics business," says Haber. "It opened the door to retailers who hadn't done business with us before." As a result, Conair has been also been successful placing its latest Prima line of more feature-laden phones.

Aggressive marketing also played a part, with regular ads placed in *People*, which has been found to be "the most efficient way by far to reach our target audience," Haber says. Conair has also had success with TV game shows as an advertising medium.

According to Haber, Conair's immediate plans call for new product in both the promotional and Prima lines, as well as an expansion of its TAD offerings. ☐

SALES OF MAJOR BRAND CORDED TELEPHONES:
FIRST QUARTER 1987



Source: Industrial Marketing Research/Conair.

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☐ (B) Buyer
☐ (C) Merchandise Manager
☐ (D) Sales Manager, Sales Person
☐ (E) Other (specify) ______

2. What category best describes your business at this location: (Check only one.)

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☐ (02) Department Store
☐ (07) Office/Stationery Supplies
☐ (08) Home Electronics
☐ (12) Mass Market
☐ (13) Chain
☐ (14) Distributor
☐ (24) Computer Reseller
☐ (99) Other (specify) ______

3. Check your company's combined gross annual sales for the Office Equipment categories listed in question #1 at the right:

☐ (1) Over $10 Million
☐ (2) $5 Million-10 Million
☐ (3) $2,500,000-$4,999,999
☐ (4) $1 Million-$2,499,999
☐ (5) $500,000-$999,999
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For product information WRITE item numbers in boxes below

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☐ (04) PCs and Word Processors
☐ (05) Peripherals
☐ (06) Accessories
☐ (07) Office Furniture
☐ (08) Telephones
☐ (09) Modems
☐ (10) Software
☐ (11) Dictation Equipment
☐ (12) Office Supplies

2. Which of the following publications do you read?

☐ (13) OFFICE PRODUCTS DEALER
☐ (14) OFFICE SYSTEMS DEALER
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Home Office:

The next boom in electronics?

One-fifth of American workers are now said to work at home, and they'll be leading dealers into a market that's about to burst wide open.

by Bob Ankosko

Consider for a moment the population of New York City and its surrounding boroughs. Now imagine a populace three times that size. In case you don't have Census statistics at your fingertips, that's 21 million people. Throw in another couple of million, and you've got a group that's equal in size to the number of potential customers for home office equipment.

The latest market research findings confirm that more than one-fifth of American workers aged 18 or older conduct business from their homes.

Who are these homeworkers?

> Manufacturers are developing new products and tailoring old ones to meet the needs and budget of today's home worker.

They are as diverse a group as you can imagine. Doctors. Lawyers. Dentists. Accountants. Insurance adjusters. Students. Authors. Salesmen. They are people who bring work home from their regular jobs on weeknights and weekends. Some work at home full-time, but most do so part-time.

Despite varied backgrounds, people who work at home have at least one thing in common: The need for tools to get the job done. The bare essentials of any office — be it a separate room or a corner of the kitchen — include a phone, a desk, a file cabinet and a writing implement such as a typewriter, word processor or computer.

And depending on how many hours per week are spent in the home office, the need may arise for a copier, facsimile device, answering machine, sophisticated phone or any number of add-on items.

In a little more than a year, the convergence of several factors have brought the home office market into sharp focus.

First, more Americans enjoy a flexible work style that allows them to conduct business at home. According to one estimate, 350 U.S. companies now have telecommuting programs in place. In addition, home-based businesses are on the rise.

Products designed for Mr. and Mrs. Homeworker also are playing an important role in the awakening of the home office market. Recognizing that millions of Americans regularly conduct business at home, manufacturers are developing new products and tailoring old ones to meet the needs and budget of today's homeworker. Among the pioneers are Canon, Sharp and Royal to name a few.

Canon, for example, introduced "personal" copiers as a means of expanding the market for full-size, commercial copiers a few years back, recalls Ted Morikawa, manager of the firm's copier division. Then, one year ago, the company took the next logical step in introducing a line of copiers for the home.

"In 1985 we did a customer survey and found that the ratio between 'business' and 'personal' use was 90 to 10," says Morikawa in explaining the move. "By the end of the year it had shifted to 81 to 19 percent."

Further evidence of products that have been crafted for the work-at-home customer can be found in the new generation of integrated fax machines, which function as a phone, copier and fax device in one box. Panasonic even adds an answering machine to the package.

Declining price is another major catalyst fueling the market. IBM-compatible PCs are now widely available in the $700 to $1,500 range from the likes of Amstrad, Blue Chip, Vendex and others. Electronic typewriters can be had for $200, and full-size document copiers that were thousands of dollars just a few years ago are available for $500.

Prices of facsimile products are tumbling, too. Faxphones from traditional phone suppliers retail for under $1,000, and low-cost, dedicated fax machines are being offered by a range of vendors. Even commercial fax manufacturers like Murata and Fujitsu Imaging Systems are targeting the home office with machines that list for under $2,000.

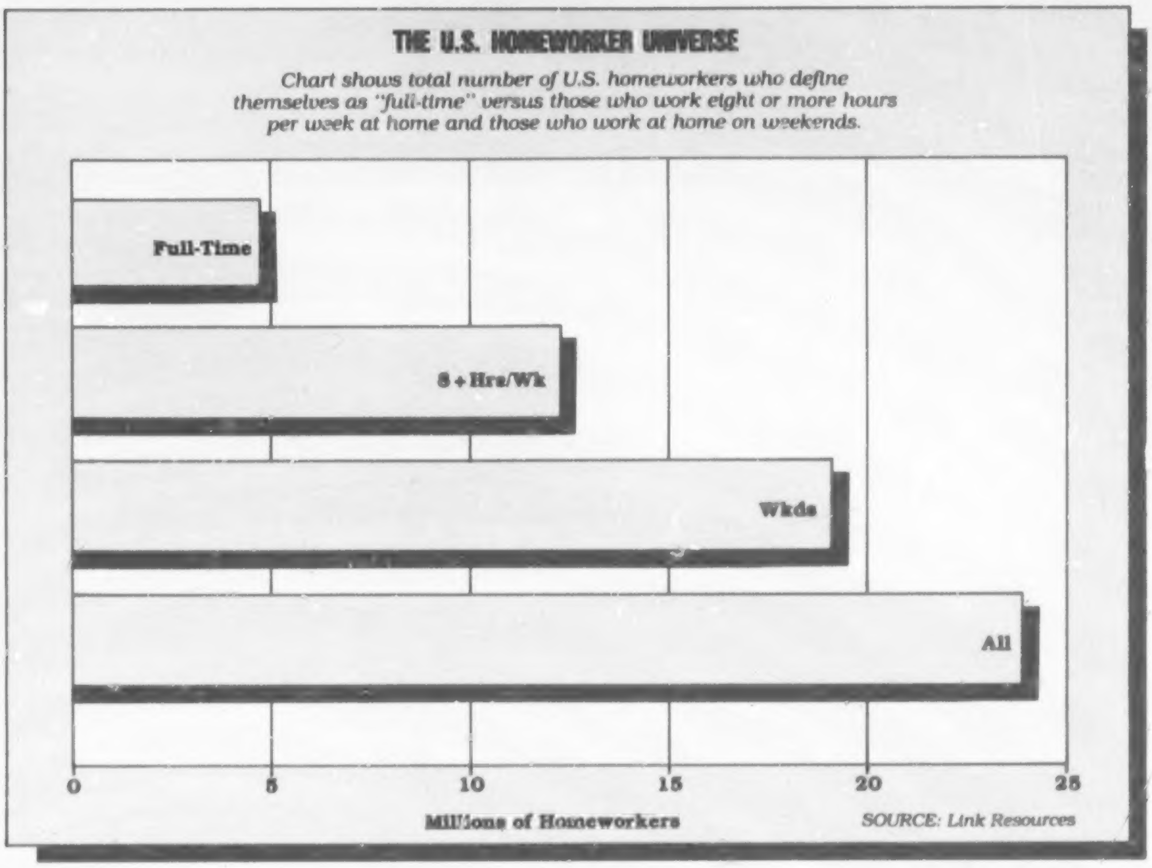
All of this activity has fueled a wave of publicity on the work-at-home "phenomenon." Companies like those mentioned above advertise home office products and the news media reports on the trend. This scenario has actually broadened the market, in a sense, because more people who do job-related work at home now identify themselves as "corporate homeworkers."

This is one reason why the latest National Work-at-Home Survey conducted by New York-based Link Resources' yielded a staggering 10 million more corporate workers above the findings of its 1986 landmark study. Link now estimates the total U.S. homeworker universe to be 23.3 million people, compared to last year's "conservative count" of between 13 million and 14 million.

Expressed another way, the new survey puts the number of domestic homeworker households at 16 million, by estimating that each household has 1.46 homeworkers on average. (A homeworker household is defined by the research concern as having one or more persons aged 18 or older who work at home.)

Tom Miller, director of Link's Electronic Services Unlimited division, says corporate homeworkers were severely understated in last year's survey. When Link asked 1986 survey respondents if they do "income-producing work at home," he said, many people failed to equate that with doing job-related tasks at home.

To get a better reading on the market, Link revised its survey technique and added a second, key ques-



THE U.S. HOMEWORKER UNIVERSE

Chart shows total number of U.S. homeworkers who define themselves as "full-time" versus those who work eight or more hours per week at home and those who work at home on weekends.

SOURCE: Link Resources

tion to this year's survey: "Do you do any *job-related* work at home?"

"When you shift the definition, you start picking up a lot more corporate workers," Miller explains. "This year's [revised] methodology attracted more of them, but it also indicates a growing awareness among people identifying themselves as corporate homeworkers."

Beyond sheer numbers, Link has isolated some interesting traits of today's work-at-home population, including the existence of a hardcore element. The bottom line is that a growing number of people are spending more hours working at home.

"People are much more willing to commit their time and energy to working at home now," Miller says. "The data really shows that there is a hard core of commitment to the home office among a growing number of people. This is not a wishy-washy trend."

As illustrated in the "Homeworker Universe" chart, 12.1 million homeworkers — about 52 percent of the total — report spending at least eight hours a week working at home. "Anybody spending eight hours or more a week is serious and needs tools," Miller observes. A vast majority of homeworkers (80 percent) also make a habit of working on weekends.

Link also found that, among the nation's 23.3 million homeworkers, 20.6 million of them do work that's related to their primary job. That's 90 percent of all homeworkers or, to express it another way, 19.3 percent of the nation's workforce aged over 18.

The "Corporate vs. Self-Employed" chart breaks it down further, illustrating that 54.8 percent of the homeworker universe consists of corporate employees who do job-related tasks at home. Self-employed is the next largest group at 32 percent of the total. The remainder of the pie is divided between people who are running a side business (7.3 percent) and those whose second job is corporate in nature (5.9 percent).

Now let's take a look at the key home office product categories.

Personal Computers

The computer continues to be a major source of fuel for the work-at-home market. As noted in the "Personal Computer Growth" chart, computer use is accelerating among homeworkers. Compared to the typical U.S. household, Link found that homeworker households have 1.6 times as many personal computers.

Based on intent to buy among consumers, Link projects that 4 million homeworker households will have a computer by year-end — a number that is expected to reach 5.2 million in 1988.

The good news is that, aside from being more computer literate than the public at large, homeworkers are willing to spend nearly twice as much on PCs as average Americans. Homeworker households are shelling out $2.120 per PC on average and $810 on peripherals, for a total of $2,930, according to Link. This compares to $1.167 and $322, respectively, spent by the average U.S. household.

Buying intentions among the work-at-home population are up as well, Link reports, with 32.2 percent more households indicating the intention to buy in 1987. This group also plans on spending 12.4 percent more on computer peripherals than in the past.

A greater number of homeworkers also plan to amortize the cost of a PC according to Link. Nearly 60 percent stated such intentions this year, versus 47.2 percent in 1986. Miller believes this reflects increased buying among the self-employed sector.

"The computer clearly plays a role in peoples' motivation to work at home," Miller summarizes. "That finding is just clearer than ever in this year's data, and it's increasing. Computers also motivate people to leave corporate positions and become self-employed."

One last observation on computers: IBM compatibility is important to corporate homeworkers, making them prime candidates for the low-cost PC clones now flooding the market. *BusinessWeek* magazine estimates that some 12 million office workers use IBM or IBM-compatible machines at work.

Copiers

Desktop copiers will continue to be a hotbed in the home office as the machines become more affordable and easier to maintain. Approximately half-a-million homeworker households said they would buy a copier this year, Link reports. The purchase was termed "very likely" among 350,000 of that group.

One of the more interesting findings from Link's survey was that one-fourth of all homeworkers either plan to receive a copier from their employer this year, or are planning on their boss picking up the tab for one.

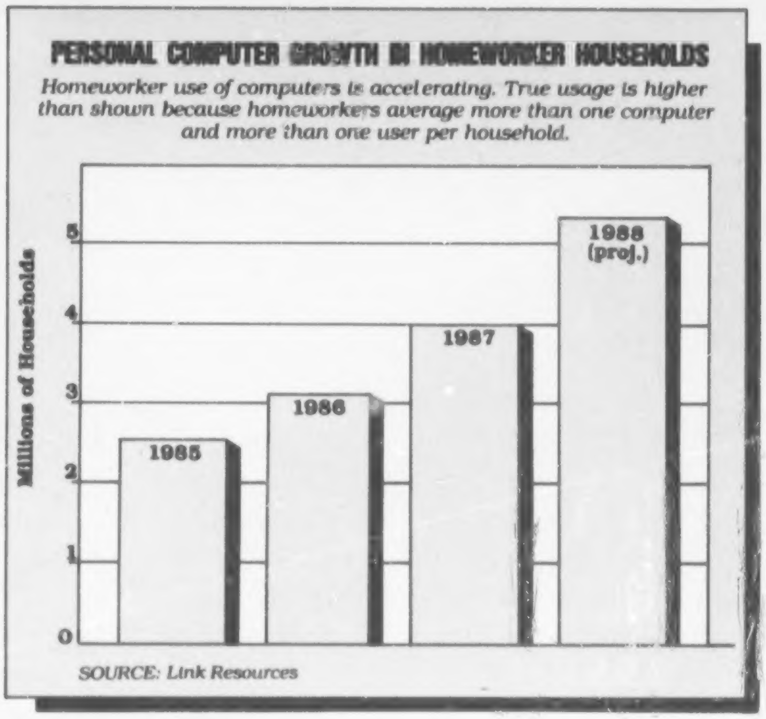
"This reflects the growing use of copiers at home by corporate homeworkers," Miller explains. "And that goes along with the huge jump in number of corporate workers that think of themselves as working at home. They're keen on getting work done at home for the corporation *and* getting reimbursed for it. The bottom line is, if you work at home you're putting in overtime."

More than three-quarters (77.8 percent) of homeworkers also plan to finance copier purchases this year, up from 55.6 percent last year, according to Link. And among present copier owners, 54 percent purchased units that were priced under $900.

Shifts in copier distribution may

Continued on page A-20

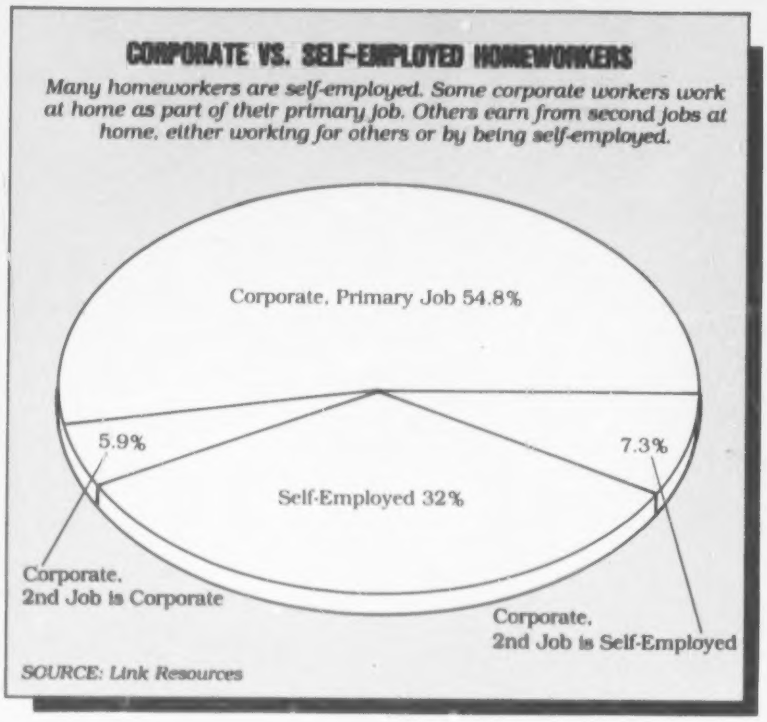
Approximately half-a-million homeworker households said they would buy a copier this year, Link reports.



PERSONAL COMPUTER GROWTH IN HOMEWORKER HOUSEHOLDS

Homeworker use of computers is accelerating. True usage is higher than shown because homeworkers average more than one computer and more than one user per household.

SOURCE: Link Resources



CORPORATE VS. SELF-EMPLOYED HOMEWORKERS

Many homeworkers are self-employed. Some corporate workers work at home as part of their primary job. Others earn from second jobs at home, either working for others or by being self-employed.

SOURCE: Link Resources

Continued from page A-5

also be in the offing. Link reports that the traditional office product dealer's lead in copier sales is being "strongly challenged" this year by discounters, mass merchants and computer stores. This finding is based on where people who plan to buy a copier say they would prefer to make the purchase.

Typewriters/Word Processors

Electric typewriters reside in some 9.2 million homeworker households, according to Link, compared with 2.5 million electronic typewriters. On a percentage basis, electronic machines are actually used more for doing work at home, Link says.

Not surprisingly, the growth rate for electronic typewriters is expected to surpass that of electric machines by a margin of two to one. Furthermore, Link reports that homeworkers are half again as likely to make a typewriter purchase as the average consumer. Also, more than half of those planning to buy an electronic typewriter indicated an interest in portable models that include a built-in spelling dictionary.

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As for the total industry, Fred Feuerhake, marketing vice president for Smith Corona, thinks just over 3 million typewriters will be sold in 1987, with growth occuring among electronic models.

Word processors, meanwhile, are enjoying a nice growth curve these days as well. A recent study from Venture Development Corp. of Natick, Mass. predicts that sales of personal word processors will increase from about 100,000 units this year to 220,000 annually by 1991.

"Word processors are on a rapid growth curve, but they're starting from a very small base," observes Feuerhake. The Smith Corona executive sees the present base of 80,000 units reaching about 150,000 by mid-1988 (word processors priced under $1,000). Right now, Magnavox and Smith Corona are the dominant players in the word processing category.

As for the customer's choice between a computer and word processor, Tom Miller of Link notes, "General wisdom among marketers I've spoken to is that there is a reaction to the sophistication and expense of the computer. Word processing is far and away the primary function for typewriters and computers. And it's the number one keyboard skill in homeworker households."

Facsimile

As prices and unit size continue to shrink and performance improves, it's not too hard to imagine the fax becoming as commonplae as the telephone in the future. Especially for telecommuters, facsimile provides a means to save the $10 or more *per* letter for overnight courier services, and would pay for itself in a reasonable period of time.

"Substantially over a million people said that fax-like functions would be very helpful to their work at home," informs Link's Tom Miller. As the number of homeworker households with a fax device approaches 200,000 (including standalone units and faxphones), Link sees a growth rate of at least 50 percent over the next year.

CAP International of Marshfield, Mass. further estimates that 40 percent of all fax machines will be sold at retail by 1990, and that half of those units could wind up in homes. Presently, only some 15 percent of fax units are sold at retail.

Telephones and Answering Machines

As you might expect, homeworker households have more phones than your typical American household — 2.84, to be exact, according to Link, which compares with 2.36. Homeworkers also utilize 1.21 phone lines on average per household, versus 1.1 lines for the average U.S. home. While 9 percent of households have more than one phone line, nearly 20 percent of homeworker households have additional phone lines.

Link found purchase intentions among homeworkers to be generally high for telephones, especially for more sophisticated models. In descending order of importance, the following features were singled out by homeworkers planning a purchase: memory dialers, built-in answering machine, cordless and multiple-lines.

Northwestern Bell's product manager Mark Gurvey summed up the fate of the telephone in the home office quite succinctly during a Summer Consumer Electronics Show workshop: "The feature phone will replace the basic phone as we know it today in the 1990s."

Surprising to some may be the finding that cellular phones are particularly hot among homeworkers. The annual growth rate for the category is pegged at 88.6 percent. The projection is based on the number of respondents who termed a cellular phone purchase "very likely."

The market is also very ripe for answering machines, a product whose penetration is approaching 20 percent. The category is poised for a 38.6 percent growth rate, according to Link, based on consumer purchasing intentions.

The Electronic Industries Association projects factory unit sales of 5.8 million TADs this year, industrywide, compared to 4.9 million last year. And in 1988, the EIA is looking at anticipated unit sales of 6.3 million.

Beyond Product

A growing number of retailers are now following the successful lead of New England-based Lechmere, which was among the first to pull products together under the home office banner. The list includes the likes of Macy's, Luskin's, Circuit City, American TV and Sears. Even K mart, one of the nation's top discount chains, is experimenting with the home office category in four of its Alabama locations.

Regardless of your vantage point, the home office represents a new and profitable business opportunity. Many believe that the rediscovered merchandising category is "the next boom in electronics" or "the market of the '90s."

One thing's for sure: Success requires commitment on the retail floor. Both suppliers and experienced retailers agree that the secret lies in displaying and demonstrating a full complement of products in a mock home office setting.

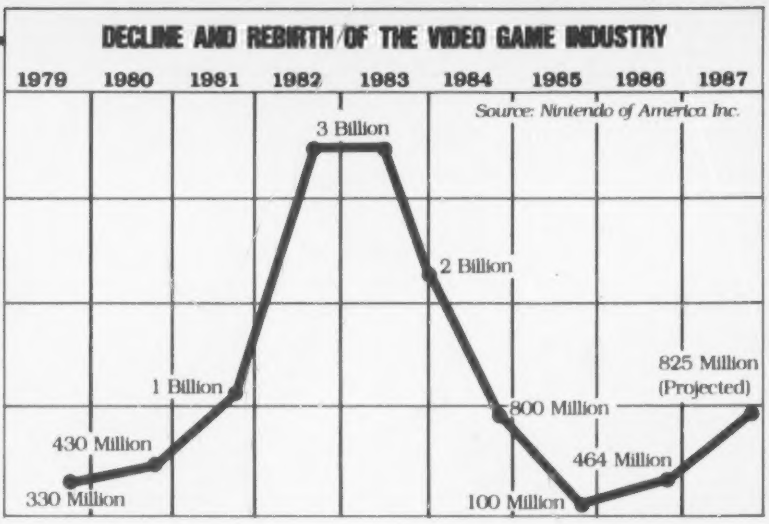
Scott Bauhofer, a buyer for Millbrae, California-based Home Express, sums the retail point of view up best: "If you're going to do it you need to make a dominant statement — you need a good brand mix. When a customer walks in your store, he better know that this is *the* place to buy home office goods."

And Elaine Lust, of American TV in Madison, Wisconsin reminds her retail colleagues not to forget about the profits to be reaped from accessories and office supplies. "They should be used in the sales pitch as part of the home office solution," she says.

Adds Greg Connelly, national sales director of Curtis Manufacturing Co., "Don't let customers go somewhere else to buy what you can sell them." ☐

HOME ELECTRONICS

Video games look to 2nd stellar journey



Video games have come — and gone — a long way since Nolan Bushnell's classic game "Pong" hit the screen in 1979.

Fueled by the overwhelming mass acceptance of Atari's 2600 console and literally thousands of software titles, the public bought video games like there was no tomorrow, catapulting a fledgling industry into the stratosphere. The industry leaped from $330 million in 1979 to an amazing $3 billion by 1982.

Atari was in the stars. In 1982, the firm reported sales of $1.7 billion. And a multitude of software companies, led by Activision, churned out games at an astronomical rate. It seemed that the "kids" just couldn't get enough.

But by 1983, Pac-Man and friends were wearing thin. The execs worried: Perhaps games *were* just a fad. Business peaked and the tell-tale signs of a market crash set in — a flood of products were dumped and discounted faster than you could obliterate an alien starship.

And so it tumbled. Sales fell — like a lead joystick — from the mind-boggling $3 billion level to a low of $100 million in late 1985.

While the Rise and Fall of Video Games is a bleak story, the future may not be. As you can see from the above chart, by mid-last year sales of a "new generation" of games had already bounced back into the $400 million range.

In 1986, Nintendo, Sega, Atari, INTV and others sold 1.5 million game systems. Nintendo, alone, claims 1.1 million unit sales.

And the comeback continues. By the end of this year, Nintendo predicts that industry sales will reach $825 million. Now that's a comeback. ☐

Merchandising computers: Are you missing the boat?

Ready for a quick computer marketing quiz? Most people purchase home computers for: a) entertainment; b) word processing; c) education; d) business; e) financial purposes.

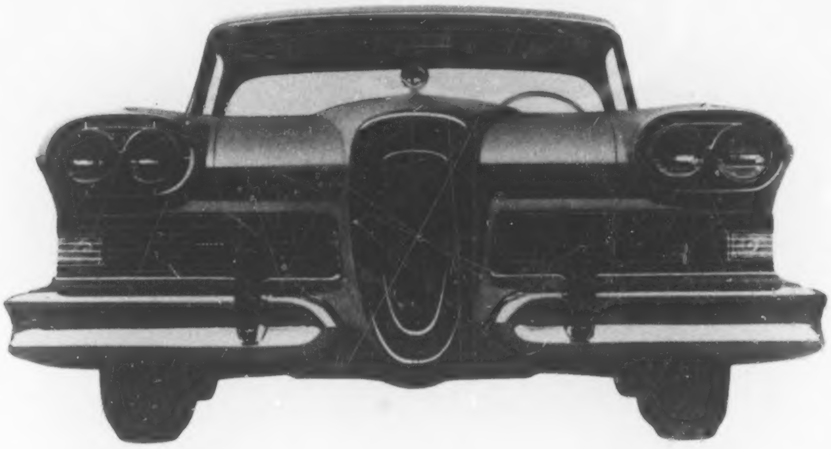
The correct answer is "c" — education.

According to Learning Technologies, a Dallas-based software producer, education is just ahead of business and financial applications as the key reason why people buy computers for their homes.

Nearly 45 percent of home computer purchases during the first quarter were made for reasons of "personal" or "children's" education, according to the company. Children's education accounted for almost 30 percent of that total.

A close second to education are "business" and "financial" reasons, which represent about 40 percent combined. Of that total, business accounts for about 28 percent.

"Everything seems to be pointing in that direction," observes Ladd Roberts, marketing vice president for Learning Technologies. "People may buy one of the less expensive computers for entertainment, but they *justify* the purchase with education.☐



We could have put the Edsel in the fast lane.

AFTER years of planning, in 1957 the Ford Motor Company introduced an innovative design into a crowded market. A strategy not much different from today's product introduction. But when Ford lost [illegible] million, they saw it as an adventure never to be repeated.

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